

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) N/A	
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Public Utilities		DATE: 12/17/2014	
SUBJECT: Third Amendment to the Facility Franchise Agreement with San Diego Landfill Systems, Inc.					
PRIMARY CONTACT (NAME, PHONE): Cheryl Lester, 858-292-6447, MS 903			SECONDARY CONTACT (NAME, PHONE): Barry Ayers, 858-614-5803, MS 901M		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND	700001				
FUNCTIONAL AREA	OTHR-00000000-SU				
COST CENTER	2012111216				
GENERAL LEDGER ACCT	512059				
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	\$2,021,500.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE): Contract 1st Year : Not to exceed \$2,021,500 which is included in PO# 4500056664 (03/01/2015 to 6/30/2015 – 4 Months)					
Contract Years 2-5: Not to exceed - \$39,581,288 Fiscal Years 2016 to 2020					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Financial Management		ORIG DEPT.	Murray, Beth	12/22/2014	
Environmental Analysis		CFO			
Equal Opportunity Contracting		DEPUTY CHIEF	Heinrichs, Tony	01/08/2015	
Liaison Office		COO			
Comptroller		CITY ATTORNEY	Jung, Jeremy	01/09/2015	
		COUNCIL PRESIDENTS OFFICE			
PREPARATION OF:	<input type="checkbox"/> RESOLUTIONS	<input checked="" type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)	

1. The Mayor or his designee is authorized to execute, for and on behalf of the City, the Third Amendment to the Facility Franchise Agreement with San Diego Landfill Systems, Inc., to extend the existing provisions dealing with disposal of biosolids for an additional five year period, under the terms and conditions set forth in the document on file with the City Clerk as Document No. OO-_____.
2. The Chief Financial Officer is authorized to expend an amount not to exceed \$2,021,500 from the Metro Sewer Utility fund 700001 for the purpose of providing funds in Fiscal Year 2015 for the Third Amendment.
3. The Chief Financial Officer is authorized to expend the amount necessary for the Third Amendment in subsequent fiscal years, contingent upon the adoption of the Annual Appropriation Ordinance for the applicable fiscal year and contingent upon the Chief Financial Officer furnishing one or more certificates certifying that funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

STAFF RECOMMENDATIONS:

Approve the amendment to Facility Franchise Agreement with San Diego Landfill Systems, Inc.

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	Citywide
COMMUNITY AREA(S):	Citywide
ENVIRONMENTAL IMPACT:	This activity is not a “project” and therefore exempt from CEQA pursuant to the State Guidelines Section 15060(c)(3).
CITY CLERK INSTRUCTIONS:	The approval of this Ordinance requires 6 votes. Please send a copy of final Ordinance to Jennifer Wolverton, MS 901A.

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 12/17/2014

ORIGINATING DEPARTMENT: Public Utilities

SUBJECT: Third Amendment to the Facility Franchise Agreement with San Diego Landfill Systems, Inc.

COUNCIL DISTRICT(S): Citywide

CONTACT/PHONE NUMBER: Cheryl Lester/858-292-6447, MS 903

DESCRIPTIVE SUMMARY OF ITEM:

This action is for approval of the Third Amendment to the Facility Franchise Agreement with San Diego Landfill Systems, Inc., to collect, transport and dispose of biosolids at Metro Biosolids Center. This amendment is not-to-exceed a total of \$41,602,790 over the five years of the contract.

STAFF RECOMMENDATION:

Approve the amendment to Facility Franchise Agreement with San Diego Landfill Systems, Inc.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

In June 1999, the City and San Diego Landfill Systems, Inc., (SDLS) entered into a Facility Franchise Agreement for the Miramar Landfill, City Ordinance No. 00-18668. Section 4 of that agreement provided for a five-year period in which SDLS would collect, transport, and dispose of biosolids processed at the Metropolitan Biosolids Center (MBC). Prior to the end of the first five-year period in February 2005, the City and SDLS agreed to extend the Agreement for an additional five years per Amendment No. 1, City Ordinance OO-19355. Prior to the expiration of Amendment No. 1, SDLS and the City extended the Agreement for another five years per Amendment No. 2, City Ordinance No. 19923. As stated in Amendment No. 2, the current contract completion date is March 1, 2015.

MBC produces approximately 120,000 wet tons of Class B biosolids a year. Class B biosolids can only be reused or disposed of by composting, land applied to non-edible crops in regions that allow such application, processed with other materials and used as alternative daily cover at a landfill, processed to make an unrestricted fertilizer product, disposed of to a landfill, or used in some manner as an energy source.

The City and SDLS have negotiated another extension to the Agreement for a third five-year term (the Third Amendment), beginning March 2, 2015, where the contract:

- maintains the existing pricing of \$46.65 per wet ton.
- provides for 100% beneficial use of biosolids through land application on non-edible crops in Arizona and use as alternate daily landfill cover at the Otay Landfill.
- provides the City sole approval of any other biosolids beneficial use options identified by SDLS.
- reserves the City's right to pursue alternative biosolids management options outside of the contract.

This action will authorize the Third Amendment of the contract with San Diego Landfill Systems, Inc., to collect, transport, and dispose of biosolids processed at the Metropolitan Biosolids Center (MBC) for an amount not to exceed \$41,602,790 over the five years of the contract term. This maximum contract total includes taxes, projected CPI increases for the third through fifth year of the contract, and a five percent increase in biosolids. The exact dollar amount to be expended each year can only be projected since the yearly quantity of biosolids to be managed can only be estimated per previous year's experience.

In evaluating if this SDLS pricing was in the best interest of the Participating Agencies and ratepayer, several factors were reviewed and considered. A 2013 statewide biosolids disposal survey was obtained from the California Association of Sanitation Agencies which noted the costs for the two comparable Southern California agencies of the City of Los Angeles and Orange County Sanitation District (OCSD). Both agencies reported composting to be the most expensive end use for biosolids at \$75 per wet ton. OCSD land applies 50% of their Class B solids at a cost of \$55.00 per wet ton, and directly landfills 10% of their biosolids at \$40.00 per wet ton. Neither agency utilizes alternative daily cover as a reuse option.

When contemplating the potential benefit or risk in inviting a solicitation for a bid on this contract, the existing contract has a clause that requires the City to allow SDLS to match the lowest bid received. With this existing contract clause in mind, a significant risk of paying higher costs for biosolids exists based on OCSD's experience being the only agency using land application and that cost was 17% higher than SDLS's per ton price for land application and/or landfill alternative daily cover. Thus, if this contract were to go out for bid, there is a high likelihood that \$55 per wet ton or some higher unit cost would be the lowest bid.

SDLS has been a very responsible and responsive company since the onset of this contract. They are flexible in the number of trucks sent to the facility on a daily basis to meet our varying needs. With a phone call, they easily adjust to assigning more than the typical 20 trucks a day to transport biosolids when our volumes increase. They have not had any environmental spills of the biosolids during transportation and there has been no discrepancy of the biosolids sent for land application in Arizona. We have full confidence that they will continue to be a reliable vendor managing the City's biosolids.

For these reasons, we recommend adoption of the Third Amendment to the SDLS agreement since they are a responsible and responsive vendor providing a significant benefit to the rate payers.

FISCAL CONSIDERATIONS:

In Fiscal Year 2015 the amount of \$2,021,500 is encumbered from the FY 2015 operating budget, Metro Sewer Utility Fund 700001, in PO# 4500056664.

For Fiscal Years 2016 through 2020, it is anticipated that total expenditures will be \$39,581,288 from the Metro Sewer Utility Fund 700001.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

This action is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Sections 22.2701 through 22.2708) and the City's Non Discrimination in Contract Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION: N/A

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

This item was approved by the Metro Joint Power Authority (JPA) Technical Advisory Committee on November 19, 2014 and the Metro JPA Commission on December 4, 2014.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Over 2.2 million regional users of wastewater treatment systems have a stake in the safe and reliable treatment of wastewater and proper disposition of the biosolids generated from that process which is properly handled in full compliance with all County, State and Federal regulations. Inappropriate management of the biosolids would lead to violations of various compliance regulations which could result in fines and penalties.

Murray, Beth
Originating Department

Heinrichs, Tony
Deputy Chief/Chief Operating Officer

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING A THIRD AMENDMENT TO
THE FACILITY FRANCHISE AGREEMENT WITH
SAN DIEGO LANDFILL SYSTEMS, LLC REGARDING THE
TRANSPORTATION AND BENEFICIAL REUSE OF
BIOSOLIDS.

WHEREAS, on August 11, 1999, the City of San Diego (City) and San Diego Landfill Systems, Inc. entered into the Facility Franchise Agreement (Agreement), which is on file in the Office of the City Clerk as Document No. OO-18668, which includes provisions for the San Diego Landfill Systems to collect, transport and dispose of biosolids generated at the City's Metropolitan Biosolids Center; and

WHEREAS, on March 8, 2005, the City and San Diego Landfill Systems, Inc. entered into the First Amendment to the Agreement, on file in the Office of the City Clerk as Document No. OO-19355, which extended San Diego Landfill Systems, Inc.'s right and obligation to collect and transport biosolids until March 1, 2010, and added the requirement that San Diego Landfill Systems, Inc. beneficially use all biosolids it collected; and

WHEREAS, on April 22, 2010, the City and San Diego Landfill Systems, LLC (the company to whom San Diego Landfill Systems, Inc. transferred the franchise) entered into the Second Amendment to the Agreement, which is on file in the Office of the City Clerk as Document No. OO-19923, which extended San Diego Landfill Systems, LLC's right and obligation to collect and transport biosolids until March 1, 2015, and added the City's living wage requirements; and

WHEREAS, the City desires to continue with San Diego Landfill Systems, LLC's services for another five-year term until March 1, 2020; and

WHEREAS, under Charter section 99, no contract, agreement or obligation extending for a period of more than five years may be authorized except by Ordinance approved by a two-thirds majority vote of the City Council; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor, or his designee, is authorized to execute, for and on behalf of said City, an amendment to the Facility Franchise Agreement with San Diego Landfill Systems, LLC under the terms and conditions set forth in the Third Amendment to the Agreement, on file in the Office of the City Clerk as Document No. OO-_____.

Section 2. That the expenditure of an amount not to exceed \$2,021,500 from the Metro Sewer Utility Fund 700001, is authorized for the purpose of providing funds in Fiscal Year 2015 for the above-referenced Third Amendment.

Section 3. That the Chief Financial Officer is authorized to expend funds necessary for the Third Amendment in subsequent fiscal years, contingent upon the adoption of the Annual Appropriation Ordinance for the applicable fiscal year and upon the Chief Financial Officer furnishing one or more certificates demonstrating that the funds necessary for expenditure are, or will be, on deposit in the City Treasury.

Section 4. That a full reading of this ordinance is dispensed with prior to passage, a written copy having been made available to the Council and the public prior to the day of its passage.

Section 5. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By _____
Jeremy A. Jung
Deputy City Attorney

JAJ:cw
01/08/15
Or.Dept: Public Utilities Department
CC No.: N/A
Doc. No.: 930308_2

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

<p align="center">DOCKET SUPPORTING INFORMATION CITY OF SAN DIEGO</p> <p>EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION</p>	<p>DATE:</p> <p>January 6, 2015</p>
<p>SUBJECT: Third Amendment to the Facility Franchise Agreement with San Diego Landfill Systems, Inc. to Collect, Transport and Dispose of Biosolids Generated from the Metro Biosolids Center.</p>	

GENERAL CONTRACT INFORMATION

Recommended Contractor: San Diego Landfill Systems, Inc. (Not Certified, M – Cauc.)

Amount of this Action: \$ 2,021,500.00 (FY 2015)

Anticipated Future Amount: \$39,581,288.00 (FY 2016 – 2020)

Cumulative Amount: \$41,602,790.00 (Not to Exceed)

Funding Source: City (Metro Sewer Utility Fund)

Goal: N/A

SUBCONTRACOR PARTICIPATION

There is no subcontractor participation associated with this action; however, subsequent actions must adhere to funding agency requirements.

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity: Required.

San Diego Landfill Systems, Inc., submitted a Work Force Report for their San Diego County employees dated, January 6, 2015 indicating 346 employees in their Administrative Work Force.

The Administrative Work Force indicates under representation in the following categories:

Female in Management & Financial, Operative Workers, and Laborers
Asian and Filipino in Administrative Support and Operative Workers

Based on the under representations in the workforce noted above, staff has an approved Equal Employment Opportunity (EEO) Plan on file as of May 15, 2013. Staff will continue to monitor the firm's efforts to implement their EEO plan.

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

ADDITIONAL COMMENTS

L:\All EOC Docs\1472 B pages\KM\Amendment to the Facility Franchise Agreement with San Diego Landfill Systems, Inc..doc

Third Amendment San Diego Landfill Systems, Inc., to provide collecting, transport and disposing of biosolids at the Metro Biosolids Center for an amount not to exceed \$41,602,490.00 over the five years of the contract.

KM



City of San Diego

EQUAL OPPORTUNITY CONTRACTING (EOC)

1200 Third Avenue • Suite 200 • San Diego, CA 92101

Phone: (619) 236-6000 • Fax: (619) 236-5904

WORK FORCE REPORT

The objective of the *Equal Employment Opportunity Outreach Program*, San Diego Municipal Code Sections 22.3501 through 22.3517, is to ensure that contractors doing business with the City, or receiving funds from the City, do not engage in unlawful discriminatory employment practices prohibited by State and Federal law. Such employment practices include, but are not limited to unlawful discrimination in the following: employment, promotion or upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training, including apprenticeship. Contractors are required to provide a completed *Work Force Report (WFR)*.

NO OTHER FORMS WILL BE ACCEPTED

CONTRACTOR IDENTIFICATION

Type of Contractor: ☐ Construction ☒ Vendor/Supplier ☐ Financial Institution ☐ Lessee/Lessor
☐ Consultant ☐ Grant Recipient ☐ Insurance Company ☐ Other

Name of Company: San Diego Landfill Systems

ADA/DBA: Sycamore Landfill, Inc., Otay Landfill, Inc., Ramona Landfill, Inc. and Borrego

Address (Corporate Headquarters, where applicable): 18500 N. Allied Way

City: Phoenix County: Maricopa State: AZ Zip: 85054 Landfill Inc!

Telephone Number: 480 627-2700 Fax Number: ()

Name of Company CEO: Donald Slager

Address(es), phone and fax number(s) of company facilities located in San Diego County (if different from above):

Address: _____

City: _____ County: _____ State: _____ Zip: _____

Telephone Number: () _____ Fax Number: () _____

Type of Business: _____ Type of License: _____

The Company has appointed: Leslie Solendz

As its Equal Employment Opportunity Officer (EEOO). The EEOO has been given authority to establish, disseminate and enforce equal employment and affirmative action policies of this company. The EEOO may be contacted at:

Address: 18500 N. Allied Way, Phoenix, AZ 85054

Telephone Number: 480 627-2700 Fax Number: ()

☒ One San Diego County (or Most Local County) Work Force - Mandatory

☐ Branch Work Force *

☐ Managing Office Work Force

Check the box above that applies to this WFR.

*Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.

I, the undersigned representative of SAN DIEGO LANDFILL SYSTEMS

(Firm Name)

San Diego, CA hereby certify that information provided

(County)

(State)

herein is true and correct. This document was executed on this 6 day of JANUARY, 2015

[Signature]

(Authorized Signature)

NEIL R. MOHR

(Print Authorized Signature Name)

WORK FORCE REPORT – Page 2,

NAME OF FIRM: San Diego Landfill Systems

DATE: 1/6/2015

OFFICE(S) or BRANCH(ES): Sycamore Landfill, Olay Landfill COUNTY: Karnahan Landfill and Burrego Landfill
San Diego

INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- | | |
|--|--|
| (1) Black, African-American | (5) Filipino |
| (2) Hispanic, Latino, Mexican-American, Puerto Rican | (6) White, Caucasian |
| (3) Asian, Pacific Islander | (7) Other ethnicity; not falling into other groups |
| (4) American Indian, Eskimo | |

ADMINISTRATION OCCUPATIONAL CATEGORY	(1) Black		(2) Hispanic		(3) Asian		(4) American Indian		(5) Filipino		(6) White		(7) Other Ethnicity	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
Management & Financial	1		2				1				2	1		
Professional						1						1		
A&E, Science, Computer														
Technical														
Sales														
Administrative Support			1	4	8						1	2		
Services														
Crafts				1							3			
Operative Workers	1		16								4			
Transportation														
Laborers*			11								4	1		

*Construction laborers and other field employees are not to be included on this page

Totals Each Column	2	1	34	8			1	1			14	5		
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Grand Total All Employees

66

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled.

Disabled														
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Non-Profit Organizations Only:

Board of Directors														
Volunteers														
Artists														



THE CITY OF SAN DIEGO

Request for Human Resources Approval for Purchase Requisition 2014 (Contacting Out Review Request Form)

Requesting Department: PUD / WWTD Vendor Name: San Diego Landfill Systems
WBS No. or Project Title N/A Purchase Requisition # (if available): Multi-PR#s / Multi PO#s / Various WWTD Facilities
Department Contact: Leticia Sullivan; Sullivanl@sandiego.gov; X44267
Date of Request: December 18, 2014 Contract Amount/Estimate: \$ 41,602,790.00
Contract/Service Duration: 1472 / City Ordinance (5 year term) March 2015 – March 2020


NOTE: Please provide a description of the activity/services requested and what the request to contract out work will cover.
(Please use plain language for the terms/definitions)

Please submit request to HumanResources@sandiego.gov or MS 56L

Question	Department Response
What is the contract/service for? (Please be specific as to the scope of work)	For a request of a third amendment/ordinance the facility franchise agreement between the City of San Diego and San Diego Landfill Systems to collect, transport and dispose of biosolids generated from the Metro Biosolids Center (MBC).
What is the location of the project/service?	For MBC and San Diego Landfill Systems.
Are City employees currently performing any of the work?	No, City employees are performing the work.
Do City employees currently have the expertise to do this work in-house? If not, why not?	No, City employees do not currently perform the work. For the past 15 years the vendor San Diego Landfill Systems has been providing the City of San Diego with the service of collection, transportation and disposal of the biosolids.
Will any City employees be displaced as a result of this contract/service?	No, this will not displace any City employees.
If this is a renewal of an existing contract, how long have these services been contracted out?	Yes, this service has been provided as City Ordinances: 1 st - City Ordinance OO-18668, which started on June 1999 (5 year term). 2 nd - City Ordinance OO-19355, which started on February 2005. 3 rd - city Ordinance OO-19923, which stated on March 2010

Is this a Public Works project? * (i.e. construction, reconstruction or repair of City buildings, street or other facilities)	No, this is not a Public Works Contract Project.
Is this a Tenant Improvement project? * (i.e. changes to the interior of a City facility, such as floors, wall coverings, shelves, ceilings, windows, partitions, etc.)	No, this is not a Tenant Improvement.
Was another Department contacted to determine if they can or do perform this service (i.e. Streets, Facilities, etc.)? If so, please attach communication. If not, why was another Department not contacted?	On the Project Exemption List/Contamination and emergency cleanup. 1 st - City Ordinance OO-18668, which started on June 1999 (5 year term). 2 nd - City Ordinance OO-19355, which started on February 2005. 3 rd - city Ordinance OO-19923, which stated on March 2010. Attached is the current request that will be presented to Council on January 20 th by IROC and Metro JPA/TAC.

***NOTE:** If Public Works project (\$100,000 in labor costs or less) or Tenant Improvement project (\$250,000 in labor costs or less) requires HR review/approval. All other contracts require HR review/approval regardless of dollar amount. Remember - Departments cannot intentionally bundle services to avoid the threshold labor costs.

HUMAN RESOURCES DEPARTMENT USE ONLY	
Based on the Department's representation, this contract is <input checked="" type="checkbox"/> APPROVED	from a labor relations perspective.
 _____ Human Resources Department Liaison	12-24-14 _____ Date

FINAL

Metro Tac 11/19/14
Approved

**METRO JPATAC
Staff Report**

Subject Title: Authorization for a Third Amendment to the Facility Franchise Agreement between the City of San Diego and San Diego Landfill Systems, Inc., to collect, transport and dispose of biosolids generated from the Metro Biosolids Center.

Requested Action:

In June 1999, the City and San Diego Landfill Systems, Inc., (SDLS) entered into a Facility Franchise Agreement for the Miramar Landfill, City Ordinance No. 00-18668. Section 4 of that agreement provided for a five-year period in which SDLS would collect, transport, and dispose of biosolids processed at the Metropolitan Biosolids Center (MBC). Prior to the end of the first five-year period in February 2005, the City and SDLS agreed to extend the Agreement for an additional five years per Amendment No. 1, City Ordinance OO-19355. Prior to the expiration of Amendment No. 1, SDLS and the City extended the Agreement for another five years per Amendment No. 2, City Ordinance No. 19923. As stated in Amendment No. 2, the current contract completion date is March 1, 2015.

The City and SDLS have negotiated another extension to the Agreement for a third five-year term (the Third Amendment), beginning March 2, 2015, that provides for 100% beneficial use of biosolids. If the Third Amendment is approved, SDLS will continue to use land application and alternate daily landfill cover as its approved methods of beneficial biosolids use. SDLS has agreed to maintain the existing pricing of \$46.65 per wet ton. If, in the future, other methods of beneficial use are identified, prior approval of the City shall be required before such methods or sites can be used by SDLS. The City has reserved the right to pursue its own alternatives, if such alternatives afford the City additional benefits in the use of biosolids.

This action will authorize the Third Amendment of the contract with San Diego Landfill Systems, Inc., to collect, transport, and dispose of biosolids processed at the Metropolitan Biosolids Center (MBC) in excess of \$6 million for the first contract year and further authorize the execution of the contract renewal options to extend the contract for four additional one-year periods. The maximum contract duration including options shall not exceed five years and the maximum cumulative contract amount shall not exceed \$41,602,790.

The not to exceed expenditure amount of \$41,602,790 over the maximum five-year period of the contract has been calculated which includes taxes and projected CPI increases for each contract year. Annual expenditures can only be projected since the exact quantity of biosolids to be managed each year can only be estimated per last year's experience.

In evaluating if this SDLS pricing was in the best interest of the Participating Agencies and ratepayer, several factors were reviewed and considered.

MBC produces approximately 120,000 wet tons of Class B biosolids a year. Class B biosolids can only be reused or disposed of by composting, land applied to non-edible crops in regions that allow such application, processing with other materials and using as alternative daily cover at a landfill, further processing to make an unrestricted fertilizer product, directly land filling, or using it in some manner as an energy source.

To determine regional reuse/disposal costs for similar volumes of Class B biosolids, we contacted the California Association of Sanitation Agencies and received a 2013 statewide biosolids disposal survey. The two comparable Southern California agencies (City of Los Angeles and Orange County Sanitation District (OCSD)) reported composting to be the most expensive end use for biosolids at \$75 per wet ton. OCSD land applies 50% of their Class B solids at a cost of \$55.00 per wet ton, and directly landfills 10% of their biosolids at \$40.00 per wet ton. Neither agency utilizes alternative daily cover as a reuse option.

Biosolids Management Method	City of Los Angeles Cost (wet ton) (% of total volume unknown)	Orange County Sanitation District Cost (wet ton) (% of total volume)
Composting	\$75.00	\$75.00 (40%)
Land Application -Class B	n/a	\$55.00 (50%)
Energy Source	\$50.00 (not inclusive of all processing costs)	n/a
Direct Land filling	n/a	\$40.00 (10%)
Alternative Daily Cover	n/a	n/a

When contemplating the potential benefit or risk in inviting a solicitation for a bid on this contract, the existing contract language has to be considered. The existing contract has a clause that requires the City to allow SDLS to match the lowest bid received. With this existing contract clause in mind, a significant risk of paying higher costs on this contract exists for the following reasons:

- SDLS is honoring their present price of \$46.65 per wet ton for the biosolids disposition of either Alternative Daily Cover or land application in Arizona.
- The lowest unit comparable cost in Southern California is 17% higher for land application.

Thus, if this contract were to go out for bid, there is a high likelihood that \$55 per wet ton or some higher unit cost would be the lowest bid. The contract allows for SDLS to then just match the lowest bidder's unit cost which would result in a cost increase with no additional service provided.

SDLS has been a very responsible and responsive company since the onset of this contract. They are flexible in the number of trucks sent to the facility on a daily basis to meet our varying needs. With a phone call, they easily adjust to assigning more than the typical 20 trucks a day to transport biosolids when our volumes increase. They have not had any environmental spills of the biosolids during transportation and there has been no discrepancy of the biosolids sent for land application in Arizona. We have full confidence that they will continue to be a reliable vendor managing the City's biosolids.

Recommendations: Approve the resolutions.

Metro TAC:	To be submitted for consideration on November 19, 2014.
IROC:	
Prior Actions: (Committee/Commission, Date, Result)	

Fiscal Impact:

Is this projected budgeted?	Yes <u>X</u> No <u> </u>
Cost breakdown between Metro & Muni:	100% Metro
Financial impact of this issue on the Metro JPA:	\$14,560,976 over five fiscal years (FY 2015 through FY 2020)

Fiscal Impact: Estimated Fiscal impact for JPA at 35%:

Fiscal Year	METRO (65%)	JPA Portion (35%)	TOTAL METRO	MUNI	WATER	TOTAL REQUEST
FY 2015	\$ 1,313,975	\$ 707,525	\$ 2,021,500	\$ 0.00	\$ 0.00	\$ 2,021,500
FY 2016	\$ 4,257,279	\$ 2,292,381	\$ 6,549,660	\$ 0.00	\$ 0.00	\$ 6,549,660
FY 2017	\$ 4,697,017	\$ 2,529,164	\$ 7,226,181	\$ 0.00	\$ 0.00	\$ 7,226,181
FY 2018	\$ 5,230,296	\$ 2,816,313	\$ 8,046,609	\$ 0.00	\$ 0.00	\$ 8,046,609
FY 2019	\$ 5,546,782	\$ 2,986,727	\$ 8,533,509	\$ 0.00	\$ 0.00	\$ 8,533,509
FY 2020	\$ 5,996,465	\$ 3,228,865	\$ 9,225,330	\$ 0.00	\$ 0.00	\$ 9,225,330
TOTAL	\$27,041,814	\$14,560,976*	\$41,602,790	\$ 0.00	\$ 0.00	\$41,602,790

*Rounding differences

Capital Improvement Program: N/A

New Project?	Yes <u> </u> No <u> </u>
Existing Project?	Yes <u> </u> No <u> </u> upgrade/addition <u> </u> change <u> </u>

Comments/Analysis:**Previous TAC/JPA Action:****Additional/Future Action:**

Pending Metro Joint Power Authority (JPA), Metro Commission on approval on December 4, 2014.

City Council Action:

Tentatively scheduled for consideration by the full Council in January, 2015.

THIRD AMENDMENT TO THE FACILITY FRANCHISE AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND SAN DIEGO LANDFILL SYSTEMS

The City of San Diego, a municipal corporation ("City"), and San Diego Landfill Systems, LLC ("Company"), a subsidiary of Republic Services, Inc. (City and Company are collectively referred to herein as "Parties") hereby enter into this Third Amendment (the "Biosolids Amendment") to the Facility Franchise Agreement between the City of San Diego and San Diego Landfill Systems, Inc. ("Agreement").

RECITALS

On August 11, 1999, the City and San Diego Landfill Systems, Inc. entered into the Agreement, a copy of which is on file in the Office of the City Clerk as Document No. OO-18668, which provides for, inter alia, the right and obligation of San Diego Landfill Systems, Inc. to collect, transport, and dispose of biosolids generated from the Metro Wastewater Plant ("Biosolids").

On March 8, 2005, the City and San Diego Landfill Systems, Inc. executed a First Amendment to the Agreement, a copy of which is on file in the Office of the City Clerk as Document No. OO-19355, which extended San Diego Landfill Systems, Inc.'s right and obligation regarding Biosolids to March 1, 2010, and added the requirement that San Diego Landfill Systems, Inc. beneficially use all biosolids collected.

The Agreement and the solid waste facility franchise (which includes Biosolids), which were initially held by San Diego Landfill Systems, Inc., are now held by the Company and the City Council consented to the transfer of the franchise and assignment of the Agreement to the Company, pursuant to Ordinance O-19920.

The Parties executed a Second Amendment to the Agreement, effective March 1, 2010, a copy of which is on file in the Office of the City Clerk as Document No. OO-19923, which further extended the Company's right and obligation regarding Biosolids to March 1, 2015, and added Living Wage provisions.

The Parties desire to further extend the Company's rights and obligations regarding Biosolids for another five years until March 1, 2020 and to further amend the Agreement, but only with respect to the Company's services concerning the receipt of Biosolids.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants and conditions set forth herein, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. The Company's right and obligation regarding Biosolids as set forth in Section 4.2(A) of the Agreement is hereby extended until March 1, 2020.
2. Amend Appendix F of the Agreement by (i) deleting the reference to a payment bond in Section 1.22, and (ii) adding Sections 1.13(B) and 1.27 through 1.36 pertaining to

reimbursement for spillage cleanup costs, termination for convenience, and general required contract provisions, as follows:

SECTION 1.13(B) REIMBURSEMENT FOR SPILLAGE CLEANUP. The City shall give the Company the opportunity to promptly clean up any spillage of Biosolids occurring during loading and resulting from the Company's actions or omissions, including but not limited to, the improper positioning of trucks on the load out scales or the failure to remove tarp cover prior to receiving a load. The City shall notify Company's general manager by telephone and email within one (1) hour after a spillage incident. If the Company fails to clean up the spillage within four (4) hours of receiving notice, the City may elect to clean up the spillage, whereupon Company shall reimburse City for all cleanup costs. The City's reimbursable costs for Biosolids cleanup include the costs of labor, materials, and equipment.

SECTION 1.27 TERMINATION FOR CONVENIENCE. Either party shall have the right to terminate for its convenience its respective rights and obligation regarding Biosolids services, in whole or in part, by giving six (6) months' advance written notice to the other party. Company shall be entitled to compensation for actual Biosolids services rendered up to the effective termination date, in accordance with the payment provisions of Section 4.2(B).

SECTION 1.28 PREVAILING WAGES. Company acknowledges that work performed on "public works" projects as defined under Labor Code section 1720 is required to be paid prevailing wages. By entering into this Biosolids Amendment, the Company maintains that work to be performed under this Biosolids Amendment is not a "public work" as defined in the Labor Code, because the Company is a private firm that owns and operates the landfill in question, and Company maintains that State prevailing wage requirements to not apply to any work performed by the Company under this Biosolids Amendment. Further, nothing in this Biosolids Amendment shall be construed as creating any obligation on the part of Company to pay prevailing wages independent of any such obligation arising solely by virtue of State law. Company agrees that the Company shall adhere to the State's prevailing wage laws to the extent they are or may become applicable to services provided to the City under this Biosolids Amendment. Furthermore, given that the City is uncertain whether the Biosolids Services under Section 4.2 and Appendix F of the Agreement constitute a "public work" under the prevailing wage laws (California Labor Code 1720 et seq., as referenced in San Diego Municipal Code section 22.3019), Company agrees to protect, defend (with counsel reasonably acceptable to the City), indemnify and hold harmless the City, its officials, officers, employees, agents, and representatives from any and all claims, damages, penalties, losses, costs, expenses (including reasonable attorneys' fees and court costs), injuries, and liabilities of every kind resulting from any violation by Company of the State prevailing wage laws or resulting from a determination by the Director of the Department of Industrial Relations that the Biosolids Services constitute a public work requiring the payment of prevailing wages. Company's indemnification obligation shall survive the conclusion or termination of Company's provision of Biosolids Services.

SECTION 1.29 WORKERS COMPENSATION CERTIFICATION. Company, in accordance with California Labor Code section 3700, is required to secure the payment of compensation of its employees and hereby certifies that "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this agreement."

SECTION 1.30 PUBLIC RECORDS. This contract is public document subject to the California Public Records Act, and as such may be subject to public review per Exhibit E (Regarding Information Requested under the California Public Records Act).

SECTION 1.31 CONTRACTOR STANDARDS. Biosolids Services are subject to the Contractor Standards clause of the Municipal Code Chapter 2, Article 2, Division 32 adopted by Ordinance No. O-19383. Company is required to complete the Contractor Standards Pledge of Compliance included herein (Exhibit F). The Contractor Standards are available online at www.sandiego.gov/purchasing/vendor/index.shtml or by request from the Purchasing & Contracting Department by calling (619) 236-6000.

SECTION 1.32 EQUAL BENEFITS ORDINANCE. Biosolids Services are subject to the Equal Benefits Ordinance [EBO], Chapter 2, Article 2, Division 43 of the San Diego Municipal Code. Company is required to complete the Equal Benefits Ordinance Certification of Compliance included herein as Exhibit D. Company must certify it will provide and maintain equal benefits as defined the EBO for the duration of the contract [SDMC §§ 22.4302, 22.4304(f)]. Failure to maintain equal benefits is a material breach of the contract [SDMC §22.4304(e)]. Company must notify employees of their equal benefits policy at the time of hire and during open enrollment periods and must post a copy of the following statement in an area frequented by employees:

During the performance of a contract with the City of San Diego, this employer will provide equal benefits to its employees with spouses and its employees with domestic partners.

Company also must give the City access to documents and records sufficient for the City to verify the Company is providing equal benefits and otherwise complying with EBO requirements. Full text of the EBO and the Rules Implementing the Equal Benefits Ordinance are posted on the City's website at www.sandiego.gov/purchasing/ or can be requested from the Equal Benefits Program at (619) 533-3948.

SECTION 1.33 NON-DISCRIMINATION REQUIREMENTS. Company shall comply with the following non-discrimination requirements with respect to Biosolids Services.

(A) Non-Discrimination Ordinance. The Company shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring or treatment of Subcontractors, vendors or suppliers. The Company shall provide equal opportunity for Subcontractors to participate in subcontracting opportunities. The Company understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in contract termination, debarment, or other sanctions. This language shall be in contracts between the Company and any Subcontractors, vendors and suppliers.

(B) Compliance Investigations. Upon the City's request, the Company agrees to provide to the City, within sixty calendar days, a truthful and complete list of the names of all Subcontractors, vendors, and suppliers that the Company has used in the past five years on any of its contracts that were undertaken within San Diego County, including the total dollar amount paid by the Company for each subcontract or supply contract. The Company further agrees to fully cooperate in any investigation conducted by the City pursuant to the City's Nondiscrimination in Contracting Ordinance [SDMC §§ 22.3501-22.3517.] The Company understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in remedies being ordered against the Company up to and including contract termination, debarment, and other sanctions for violation of the provisions of the Nondiscrimination in Contracting Ordinance. The Company further understands and agrees that the procedures, remedies and sanctions provided for in the Nondiscrimination Ordinance apply only to violations of said Nondiscrimination Ordinance.

SECTION 1.34 DRUG-FREE WORKPLACE. Notwithstanding Section 9.18 of the Agreement, Company shall comply with the following drug-free requirements with respect to Biosolids Services. The Company agrees to comply with the City's Drug-Free Workplace requirements set forth in Council Policy 100-17. The Company shall certify to the City that it will provide a drug-free workplace by submitting a Certification for a Drug-Free Workplace form (Exhibit B).

(A) Company's Notice to Employees. The Company shall publish a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the work place, and specifying the actions that will be taken against employees for violations of the prohibition.

(B) Drug-Free Awareness Program. The Company shall establish a drug-free awareness program to inform employees about all of the following: (i) The dangers of drug abuse in the work place, (ii) The policy of maintaining a drug-free work place, (iii) Available drug counseling, rehabilitation, and employee assistance programs, and (iv) The penalties that may be imposed upon employees for drug abuse violations.

(C) Posting the Statement. The Company shall post the drug-free policy in a prominent place.

(D) Subcontractor's Agreements. The Company further certifies that each of its subcontracts for Biosolids Services shall contain language that binds the Subcontractor to comply with the provisions of this Section . Company and Subcontractors shall be individually responsible for their own drug-free work place program.

SECTION 1.35 PRODUCT ENDORSEMENT. The Company acknowledges and agrees to comply with the provisions of City of San Diego Administrative Regulation 95.65, concerning product endorsement. Any advertisement identifying or referring to the City as the user of a product or service requires the prior written approval of the City.

SECTION 1.36 ADA CERTIFICATION. The Company hereby certifies (Exhibit C) that it agrees to comply with the City's Americans With Disabilities Act Compliance/City Contracts requirements set forth in Council Policy 100-04, adopted by San Diego Resolution R-282153 and incorporated into this Agreement by this reference.

3. Amend Article IX, Section 9.20 "Notices" of the Agreement to add the following:

In all cases where written notice is required under this Agreement with respect to the Biosolids Services, service shall be deemed sufficient if the notice is deposited in the United States mail, postage paid. Proper notice shall be effective on the date it is mailed, unless provided otherwise in this Agreement. For the purpose of this Agreement, unless otherwise agreed in writing, notice to the City shall be addressed to:

To City:

Ms. Stacey LoMedico
Assistant Chief Operating Officer
City of San Diego
Office of the COO
202 "C" Street, MS 9A
San Diego, CA 92101

copy to:

Mr. Mario Sierra
Director of Environmental Services Department
Environmental Services Department
9601 Ridgehaven Court, MS 1102A
San Diego, CA 92123

and to:

Mr. Jeremy Jung

Deputy City Attorney
City of San Diego
Office of the City Attorney
1200 Third Avenue, MS 59
San Diego, CA 92101

To Company:

Mr. Neil R. Mohr
General Manager
San Diego Landfill Systems, Inc
8514 Mast Blvd
Santee, CA 92071

copy to:

Mr. Alberto Guardado
Area President
Republic Services Southwest Area
1855 E Deer Valley Rd
Phoenix, AZ 85024

and to:

Tim Benter
VP & Legal Deputy General Counsel
Republic Services Western Region
18500 N Allied Way
Phoenix, AZ 85054

4. The effective date of this Third Amendment to the Agreement shall be March 1, 2015.

5. This Third Amendment to the Agreement shall affect only the terms and/or conditions referred to herein. All other terms and conditions of the Agreement and prior amendments shall remain in full force and effect.

(signatures on following page)

IN WITNESS WHEREOF, this Third Amendment to the Agreement is executed by the City of San Diego, acting by and through its Mayor or his designee, pursuant to Ordinance No. O-_____ authorizing such execution, and by San Diego Landfill Systems, LLC through its duly authorized officer.

Dated this _____ day of _____, _____.

THE CITY OF SAN DIEGO

By _____
Dennis Gakunga
Director of Purchasing & Contracting

I HEREBY CERTIFY I can legally bind San Diego Landfill Systems, LLC and that I have read all of this Third Amendment to the Agreement, this 18 day of

DECEMBER, 2014.

By 
Mr. Neil R. Mohr
General Manager

I HEREBY APPROVE the form and legality of the foregoing Third Amendment to the Agreement this _____ day of _____.

JAN I. GOLDSMITH, City Attorney

By _____
Deputy City Attorney

EXHIBITS

- Exhibit A - [Reserved]
 - Exhibit B - Consultant Certification for a Drug-Free Workplace
 - Exhibit C - American With Disabilities Act (ADA) Compliance Certification
 - Exhibit D - Equal Benefits Ordinance Certification of Compliance
 - Exhibit E - Regarding Information Requested Under the California Public Records Act
 - Exhibit F - Contractor Standards Pledge of Compliance
-
-
-

RESERVED

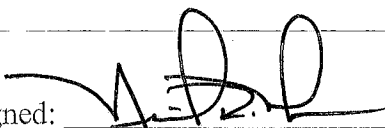
CONSULTANT CERTIFICATION FOR A DRUG-FREE WORKPLACE

PROJECT TITLE: FFA City of San Diego & SDLS - Amend # 3

I hereby certify that I am familiar with the requirement of San Diego City Council Policy No. 100-17 regarding a Drug-Free Workplace as outlined in the request for proposals, and that:

San Diego Landfill Systems
Name under which business is conducted

has in place a drug-free workplace program that complies with said policy. I further certify that each subcontract agreement for this project contains language which indicates the Subconsultants agreement to abide by the provisions of Section 4.9.1 subdivisions A through C of the policy as outlined.

Signed: 

Printed Name: NEIL R. MOTT

Title: General Manager

Date: 12/17/14

AMERICAN WITH DISABILITIES ACT (ADA) COMPLIANCE CERTIFICATION

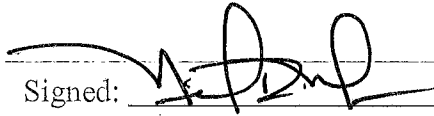
PROJECT TITLE: FFA City of San Diego ? SDLS - Amend #3

I hereby certify that I am familiar with the requirements of San Diego City Council Policy No. 100-4 regarding the American with Disabilities Act (ADA) outlined in Article IV, "ADA Certification", of the Agreement, and that;

San Diego Landfill Systems

Name under which business is conducted

has in place workplace program that complies with said policy. I further certify that each subcontract agreement for this project contains language which indicates the subcontractor's agreement to abide by the provisions of the policy as outlined.

Signed: Printed Name: NEIL R. MONTZTitle: General ManagerDate: 12/17/14

EQUAL BENEFITS ORDINANCE

CERTIFICATION OF COMPLIANCE

EQUAL BENEFITS ORDINANCE CERTIFICATION OF COMPLIANCE



For additional information, contact:
CITY OF SAN DIEGO
EQUAL BENEFITS PROGRAM
202 C Street, MS 9A, San Diego, CA 92101
Phone (619) 533-3948 Fax (619) 533-3220

COMPANY INFORMATION

Company Name: San Diego Landfill Systems

Contact Name: Kerry Antillon

Company Address: 8514 MACT BLVD
San Diego, CA 92071

Contact Phone: 619/576-5737

Contact Email: KAntillon@republicservices.com

CONTRACT INFORMATION

Contract Title: FFA City of S.D. : San Diego Landfill Systems - AMEND # 3

Start Date:

Contract Number (If no number, state location):

End Date:

SUMMARY OF EQUAL BENEFITS ORDINANCE REQUIREMENTS

The Equal Benefits Ordinance [EBO] requires the City to enter into contracts only with contractors who certify they will provide and maintain equal benefits as defined in San Diego Municipal Code §22.4302 for the duration of the contract. To comply:

- ☒ Contractor shall offer equal benefits to employees with spouses and employees with domestic partners.
 - Benefits include health, dental, vision Insurance; pension/401(k) plans; bereavement, family, parental leave; discounts, child care; travel/relocation expenses; employee assistance programs; credit union membership; or any other benefit.
 - Any benefit not offered to an employee with a spouse, is not required to be offered to an employee with a domestic partner.
- ☒ Contractor shall post notice of firm's equal benefits policy in the workplace and notify employees at time of hire and during open enrollment periods.
- ☒ Contractor shall allow City access to records, when requested, to confirm compliance with EBO requirements.
- ☒ Contractor shall submit *EBO Certification of Compliance*, signed under penalty of perjury, prior to award of contract.

NOTE: This summary is provided for convenience. Full text of the EBO and its Rules are posted at www.sandiego.gov/administration.

CONTRACTOR EQUAL BENEFITS ORDINANCE CERTIFICATION

Please indicate your firm's compliance status with the EBO. The City may request supporting documentation.

☒ I affirm compliance with the EBO because my firm (contractor must select one reason):

- ☒ Provides equal benefits to spouses and domestic partners.
- ☐ Provides no benefits to spouses or domestic partners.
- ☐ Has no employees.
- ☐ Has collective bargaining agreement(s) in place prior to January 1, 2011, that has not been renewed or expired.

☐ I request the City's approval to pay affected employees a cash equivalent in lieu of equal benefits and verify my firm made a reasonable effort but is not able to provide equal benefits upon contract award. I agree to notify employees of the availability of a cash equivalent for benefits available to spouses but not domestic partners and to continue to make every reasonable effort to extend all available benefits to domestic partners.

It is unlawful for any contractor to knowingly submit any false information to the City regarding equal benefits or cash equivalent associated with the execution, award, amendment, or administration of any contract. [San Diego Municipal Code §22.4307(a)]

Under penalty of perjury under laws of the State of California, I certify the above information is true and correct. I further certify that my firm understands the requirements of the Equal Benefits Ordinance and will provide and maintain equal benefits for the duration of the contract or pay a cash equivalent if authorized by the City.

NEIL R. MOORE / General Mgr.

Name/Title of Signatory

[Signature]

Signature

12/18/14

Date

FOR OFFICIAL CITY USE ONLY

Receipt Date:

EBO Analyst:

☐ Approved

☐ Not Approved -- Reason:

**REGARDING INFORMATION REQUESTED UNDER THE
CALIFORNIA PUBLIC RECORDS ACT**

The undersigned duly authorized representative, on behalf of the named Contractor declares and acknowledges the following:

The contents of this contract and any documents pertaining to the performance of the contract requirements/Scope of Services resulting from this contract are public records, and therefore subject to disclosure unless a specific exemption in the California Public Records Act applies.

If a Contractor submits information **clearly marked** confidential or proprietary, the City of San Diego (City) may protect such information and treat it with confidentiality only to the extent permitted by law. However, it will be the **responsibility of the Contractor** to provide to the City the specific legal grounds on which the City can rely in withholding information requested under the California Public Records Act, should the City choose to withhold such information.

General references to sections of the California Public Records Act will not suffice. Rather, the Contractor must provide a **specific and detailed legal basis, including applicable case law** that **clearly establishes** the requested information is exempt from the disclosure requirements of the California Public Records Act.

If the Contractor does not provide a specific and detailed legal basis for withholding the requested information within a time specified by the City, the City will release the information as required by the California Public Records Act and the **Contractor will hold the City harmless** for release of this information.

It will be the **Contractor's obligation to defend**, at Contractor's expense, any legal actions or challenges seeking to obtain from the City any information requested under the California Public Records Act withheld by the City at the Contractor's request. Furthermore, the Contractor shall **indemnify** the City and **hold it harmless** for any claim or liability, and **defend any action** brought against the City, resulting from the City's refusal to release information requested under the Public Records Act withheld at Contractor's request.

Nothing in this Agreement creates any obligation for the City to notify the Contractor or obtain the Contractor's approval or consent before releasing information subject to disclosure under the California Public Records Act.

San Diego Landfill Systems
Name of Firm

Neil R. Moore
Signature of Authorized Representative

Neil R. Moore
Printed/Typed Name

12/17/14
Date

City of San Diego Purchasing & Contracting Department

CONTRACTOR STANDARDS
Pledge of Compliance

Effective December 24, 2008, the Council of the City of San Diego adopted Ordinance No. O-19808 to extend the Contractor Standards Ordinance to all contracts greater than \$50,000. The intent of the Contractor Standards clause of San Diego Municipal Code §22.3224 is to ensure the City of San Diego conducts business with firms that have the necessary quality, fitness and capacity to perform the work set forth in the contract.

To assist the Purchasing Agent in making this determination and to fulfill the requirements of §22.3224(d), each bidder/proposer must complete and submit this *Pledge of Compliance* with the bid/proposal. If a non-competitive process is used to procure the contract, the proposed contractor must submit this completed *Pledge of Compliance* prior to execution of the contract. A submitted *Pledge of Compliance* is a public record and information contained within will be available for public review for at least ten (10) calendar days, except to the extent that such information is exempt from disclosure pursuant to applicable law.

All responses must be typewritten or printed in ink. If an explanation is requested or additional space is required, respondents must use the *Pledge of Compliance Attachment "A"* and sign each page. The signatory guarantees the truth and accuracy of all responses and statements. Failure to submit this completed *Pledge of Compliance* may make the bid/proposal non-responsive and disqualified from the bidding process. If a change occurs which would modify any response, Contractor must provide the Purchasing Agent an updated response within thirty (30) calendar days.

A. PROJECT TITLE:

FFA City of San Diego and San Diego Landfill
Systems - AMEND. # 3

B. BIDDER/CONTRACTOR INFORMATION:

Sycamore Landfill, Inc. Sycamore Landfill
Legal Name DBA
8514 Mast Blvd. Santee CA 92071
Street Address City State Zip
Neil Mohr, General Manager (619) 449-9026
Contact Person, Title Phone Fax

C. OWNERSHIP AND NAME CHANGES:

1. In the past five (5) years, has your firm changed its name?

Yes No

If Yes, use *Pledge of Compliance Attachment "A"* to list all prior legal and DBA names, addresses and dates when used. Explain the specific reasons for each name change.

2. In the past five (5) years, has a firm owner, partner or officer operated a similar business?

Yes No

If Yes, use *Pledge of Compliance Attachment "A"* to list names and addresses of all businesses and the person who operated the business. Include information about a similar business only if an owner, partner or officer of your firm holds or has held a similar position in another firm.

EXHIBIT F

D. **BUSINESS ORGANIZATION/STRUCTURE:** Indicate the organizational structure of your firm. Check one only on this page. Use *Pledge of Compliance Attachment "A"* if more space is required.

Corporation Date incorporated: ____/____/1998 State of incorporation: Delaware
List corporation's current officers: President: Donald Slager
Vice Pres: Michael Rissman
Secretary: Charles Scianini
Treasurer: Robert Munster

Is your firm a publicly traded corporation? ☒ Yes ☐ No

If Yes, name those who own five percent (5%) or more of the corporation's stocks:

Cascade Investment LLC

Limited Liability Company Date formed: ____/____/____ State of formation: ____
List names of members who own five percent (5%) or more of the company:

Partnership Date formed: ____/____/____ State of formation: ____
List names of all firm partners:

Sole Proprietorship Date started: ____/____/____
List all firms you have been an owner, partner or officer with during the past five (5) years. Do not include ownership of stock in a publicly traded company:

Joint Venture Date formed: ____/____/____
List each firm in the joint venture and its percentage of ownership:

Note: Each member of a Joint Venture must complete a separate *Contractor Standards Pledge of Compliance* for a Joint Venture's submission to be considered responsive.

EXHIBIT F

E. FINANCIAL RESOURCES AND RESPONSIBILITY:

1. Is your firm in preparation for, in the process of, or in negotiations toward being sold?
Yes ☐ No ☒

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances, including name of the buyer and principal contact information.

2. In the past five (5) years, has your firm been denied bonding?
Yes ☐ No ☒

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances; include bonding company name.

3. In the past five (5) years, has a bonding company made any payments to satisfy claims made against a bond issued on your firm's behalf or a firm where you were the principal?
Yes ☐ No ☒

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances.

F. PERFORMANCE HISTORY:

1. In the past five (5) years, has your firm been found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement, for defaulting or breaching a contract with a government agency?
Yes ☐ No ☒

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances.

2. In the past five (5) years, has a government agency terminated your firm's contract prior to completion?
Yes ☐ No ☒

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances and provide principal contact information.

G. COMPLIANCE:

1. In the past five (5) years, has your firm or any firm owner, partner, officer, executives or management been criminally penalized or found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement for violating any federal, state or local law in performance of a contract, including but not limited to laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees?
Yes ☐ No ☒

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances surrounding each instance; include name of entity involved, specific infraction(s) or violation(s), dates of instances, and outcome with current status.

2. In the past five (5) years, has your firm been debarred or determined to be non-responsible by a government agency?
Yes ☐ No ☒

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances of each instance; include name of entity involved, specific infraction, dates, and outcome.

EXHIBIT F

H. BUSINESS INTEGRITY:

1. In the past five (5) years, has your firm been convicted of or found liable in a civil suit for making a false claim or material misrepresentation to a private or governmental entity?

Yes

No

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances of each instance; include the entity involved, specific infraction(s) or violation(s), dates, outcome and current status.

2. In the past five (5) years, has your firm or any of its executives, management personnel, or owners been convicted of a crime, including misdemeanors, or been found liable in a civil suit involving the bidding, awarding, or performance of a government contract?

Yes

No

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances of each instance; include the entity involved, specific infraction(s), dates, outcome and current status.

I. TYPE OF SUBMISSION: This document is submitted as:

Initial submission of *Contractor Standards Pledge of Compliance*.

Update of prior *Contractor Standards Pledge of Compliance* dated ____/____/____.

Complete all questions and sign below. Each *Pledge of Compliance Attachment "A"* page must be signed.

Under penalty of perjury under the laws of the State of California, I certify I have read and understand the questions contained in this *Pledge of Compliance* and that I am responsible for completeness and accuracy of responses and all information provided is true to the best of my knowledge and belief. I further certify my agreement to the following provisions of San Diego Municipal Code §22,3224:

- (a) To comply with all applicable local, State and Federal laws, including health and safety, labor and employment, and licensing laws that affect the employees, worksite or performance of the contract.
- (b) To notify the Purchasing Agent within fifteen (15) calendar days upon receiving notification that a government agency has begun an investigation of the Contractor that may result in a finding that the Contractor is or was not in compliance with laws stated in paragraph (a).
- (c) To notify the Purchasing Agent within fifteen (15) calendar days when there has been a finding by a government agency or court of competent jurisdiction of a violation by the Contractor of laws stated in paragraph (a).
- (d) To provide the Purchasing Agent updated responses to the *Contractor Standards Pledge of Compliance* within thirty (30) calendar days if a change occurs which would modify any response.
- (e) To notify the Purchasing Agent within fifteen (15) days of becoming aware of an investigation or finding by a government agency or court of competent jurisdiction of a violation by a subcontractor of laws stated in paragraph (a).
- (f) To cooperate fully with the Purchasing Agent and the City during any investigation and to respond to a request for information within ten (10) working days from the request date.

Failure to sign and submit this form with the bid/proposal shall make the bid/proposal non-responsive.

Neil R. Moite

Print Name, Title

General Manager

[Signature]

Signature

12/9/14

Date

City of San Diego Purchasing & Contracting Department
CONTRACTOR STANDARDS

Provide additional information in space below. Use additional *Pledge of Compliance Attachment "A"* pages as needed; sign each page. Print in ink or type responses and indicate question being answered. Information provided will be available for public review, except if exempt from disclosure pursuant to applicable law.

[illegible]

Print Name, Title

Signature

Date _____

ORIGINAL

FACILITY FRANCHISE AGREEMENT

Between

THE CITY OF SAN DIEGO

and

SAN DIEGO LANDFILL SYSTEMS, INC.

Dated as of

June 18, 1999

DOCUMENT NO. 00-18668

FILED

AUG 02 1999

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THIS FACILITY FRANCHISE AGREEMENT is entered into on ____ day of June, 1999 (hereinafter the "Contract Date") between the City of San Diego (the "City") and San Diego Landfill Systems, Inc. (the "Company").

RECITALS

WHEREAS, the Company is the parent company of Sycamore Landfill, Inc., a California corporation, which owns and operates the Sycamore Canyon Landfill, located wholly within the geographic boundaries of the City; and

WHEREAS, the Company is also the parent company of Otay Landfill, Inc., a California corporation which owns and operates the Otay Landfill, located in San Diego County; and

WHEREAS, the Company, without waiving or impairing any existing rights and/or entitlements to operate the Sycamore Canyon Landfill under its existing permits, has expressed its willingness to work collaboratively with the City to make reasonable and limited permit modifications as are helpful to the continuing operation and development of the Sycamore Canyon Landfill pending the extensive permitting required for the substantial expansion and full development of the Sycamore Canyon Landfill, all in accordance with Applicable Law; and

WHEREAS, the Company and the City acknowledge the respective concerns of each other with respect to matters related to such continuing operation and development of the Sycamore Landfill; and

WHEREAS, the California Integrated Waste Management Act of 1989, California Public Resources Code Sections 40000 et seq., provides that the City must plan for the disposal of solid waste generated in the City for a rolling fifteen year period and this Agreement may assist the City in meeting this requirement; and

WHEREAS, the City owns and operates a solid waste collection system used to provide collection and disposal services to substantially all single-family residences in the City, as well as certain multi-family residences, businesses and governmental facilities; and

WHEREAS, the Company intends to apply for the required permits and approvals for the substantial expansion of the existing Sycamore Canyon Landfill by as much as an 107,000,000 cubic yards of landfill

airspace which could accommodate all of the waste disposal needs in the City of San Diego and, without pre-committing to any particular outcome, the City intends to expedite the processing, review and consideration of the Company's applications with respect thereto as provided herein; and;

WHEREAS, the City and the Company acknowledge each other's respective concerns with respect to matters related to the Sycamore Canyon Landfill as described herein; and

WHEREAS, pursuant to San Diego Municipal Code Sections 66.0132 and 66.0133, as amended by Ordinance No. O-18429 adopted on August 11, 1997, it is unlawful for any person to own, establish, operate or carry on the business of a solid waste facility in the City unless, at the City's sole option, either (1) such person has been granted a non-exclusive franchise by the City Council in accordance with Charter Section 103, or (2) the City has entered into a contract with such person to own, establish, operate or carry on the business of solid waste facility; and

WHEREAS, Section 66.0132(b) provides that Section 66.0132(a) does not apply to any person or entity (such as the Company) who owns or operates a solid waste facility operating as of July 1, 1997, under a valid conditional use permit or other authorizing permit issued by the City, until one of the following events occurs: (1) the conditional use permit or other authorizing permit expires, (2) the conditional use permit or other authorizing permit is renewed, or (3) the conditional use permit or other authorizing permit is modified;

WHEREAS, without waiving or impairing any existing rights and/or entitlements to operate the Sycamore Canyon Landfill, and without pre-committing the City to any particular outcome with respect to continuing development, operation and potential expansion of the Sycamore Canyon Landfill, in order to satisfy the requirements of Section 66.0132(a) in anticipation of a request by the Company for potential amendments to the Conditional Use Permit, the Company and the City propose to enter into this Facility Franchise Agreement;

WHEREAS, the City and the Company executed an Interim Agreement dated June 29, 1998, which provided for development of this Facility Franchise Agreement;

WHEREAS, concurrently with the execution of this Agreement, Allied Waste Industries, Inc. has executed the Guaranty Agreement in the form attached hereto as Appendix E, and execution of the Guaranty by Allied Waste Industries, Inc., the parent corporation constitutes a material element of consideration to the City for entering into this Agreement;

WHEREAS, the City and the Company believe there is an existing and future need for additional landfill capacity readily and economically available to the City; and

WHEREAS, an Ordinance authorizing the execution and delivery of this Agreement has been duly adopted by the San Diego City Council on AUG 02 1999, 1999; and

WHEREAS, the execution and delivery of this Agreement by the Company has been duly authorized by Resolution of its Board of Directors on _____, 1999.

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements herein set forth, and of the undertakings of each party to the other, the parties do hereby promise and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings set forth below:

"Acceptable Waste" means all solid waste, garbage, refuse, rubbish and other materials and substances discarded or rejected as being spent, useless, worthless or excess to the owners at the time of such discard or rejection and which are acceptable at Class III landfills under Applicable Law.

"Act" means the California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code), as amended, supplemented, superseded and replaced from time to time.

"Adjusted Contract Rate" means the lower fee specified in an All-Inclusive Bid from a Qualified Alternate Solid Waste Management Facility which the City elects to utilize for the disposal of Qualified City Waste in accordance with the provisions of Section 6.1(D).

"Agreement" means this Facility Franchise Agreement between the City and the Company as the same may be amended or modified from time to time in accordance herewith.

"All-Inclusive Bid" means the per ton disposal cost to the City plus any aggregate additional increased costs to the City (i.e., increased transportation, capital expenditure, permits and the like) calculated on a per ton basis with respect to any disposal alternative selected by the City under Section 6.1(D) (or alternate bids for Biosolids Services pursuant to Section 4.2).

"Allied Landfills" means the Landfill and the South Bay Landfill.

"Annual Waste Acceptance Limitations" has the meaning ascribed thereto in Section 3.3.

"Appendix" means an appendix to this Agreement, as the same may be amended or modified from time to time in accordance with the terms hereof.

"Applicable Law" means the Act, the San Diego Municipal Code, CERCLA, RCRA, CEQA, any Permits and any federal, state or local rule, regulation, requirement, guideline, permit, action, determination

or order of any Governmental Body having any jurisdiction, applicable from time to time to the acquisition, ownership or operation of the Landfill or any other transaction or matter contemplated hereby.

"Average Disposal Rate" has the meaning set forth in Section 7.1(B) hereof.

"Average Waste Tonnage" has the meaning set forth in Section 7.1(B) hereof.

"Beneficial Use" has the meaning given such term under Applicable Law and as is commonly used in the solid waste management industry and wastewater treatment industry.

"Best efforts to expedite the processing, review and consideration of applications for Permits" by the City has the meaning set forth in Section 3.1(F).

"Billing Statement" means any statement of amounts owed for services rendered by the Company to the City.

"Biosolids" means digested dewatered sludge generated from the City's Metro Biosolids Center as described further in Section 4.2 hereof.

"Board" means the California Integrated Waste Management Board.

"Breakup Fee" means the fee to be paid to any prospective purchaser of the Landfill which is required to be paid by the City in the event the City exercises its right of first refusal to purchase the Landfill under the Agreement, which fee shall be equal to the greater of (a) \$500,000 or (b) 1% of the purchase price of the Landfill.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C.A. Section 9601 et seq. (West 1995 & Supp. 1999), as amended or superseded, and the regulations promulgated thereunder.

"CEQA" means the California Environmental Quality Act, codified at Cal. Pub. Res. Code Section 21000 et seq., as amended or superseded, and the regulations promulgated thereunder.

"Change in Law" means any of the following events or conditions occurring on or after the Contract Date which has a material and adverse effect on the performance by the parties of their respective obligations under this Agreement (except for payment obligations), or on the siting, design, permitting,

construction, equipping, financing, ownership, possession, operation or maintenance of the Landfill, or delivery by the City of Qualified City Waste or other matters to which Applicable Law applies:

(a) the enactment, adoption, promulgation, issuance, material modification or written change in administrative or judicial interpretation on or after the Contract Date of any Applicable Law; or

(b) the order or judgment of any Governmental Body, on or after the Contract Date, to the extent such order or judgment is not the result of willful or negligent action, error or omission or lack of reasonable diligence of the City or of the Company, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission or lack of reasonable diligence.

"City" means, the City of San Diego, California, a municipal corporation or any successor and assignee to this Agreement permitted hereunder.

"City Auditor" means any representative from the office of the "City Auditor and Comptroller" of the City.

"City Council" means the City Council of the City of San Diego.

"City Residential Waste" means City Waste collected in accordance with the People's Ordinance (San Diego Ordinance No. 7691 adopted and ratified April 8, 1919, as such may be amended, modified or renumbered from time to time).

"City Waste" means Acceptable Waste (a) originally generated within the geographical boundaries of the City or (b) first collected for disposal within the geographical boundaries of the City.

"Class III Landfill" has the meaning set forth in California Code of Regulations Title 27, Section 20260, as amended.

"Commercial Waste" means any Acceptable Waste which is not City Residential Waste.

"Contract Date" means the date upon which the action of the San Diego City Council approving this Agreement becomes final.

"Contract Rate" means the rate set forth in Section 6.1 hereof.

"County" means the County of San Diego, a political subdivision of the State of California.

"Company" means San Diego Landfill Systems, Inc., a California corporation.

"CUP" means the Company's existing Conditional Use Permit No. 6066, on file with the City.

"DSD" means the City of San Diego Development Services Department.

"DSD Coordinator" means the Project Coordinator appointed by the DSD in accordance with Section 3.1(D) hereof, or any employee of the City who succeeds to the duties and responsibilities of the DSD Coordinator.

"Director" means the Director of the ESD, or his or her designated representative, or any employee of the City who succeeds to the duties and responsibilities of the Director.

"Disposal Credit" is the amount of tonnage the Company actually accepts at the Landfill in each Franchise Year that is less than the Annual Waste Acceptance Limitation for such Franchise Year.

"ESD" means the City of San Diego Environmental Services Department, and any agency, department or other Governmental Body which succeeds to the duties and powers thereof.

"Expansion Date" means the date that all Expansion Permits have been issued and any time periods providing for the challenge of such permits have expired.

"Expansion Permits" means any modifications to existing permits (including, without limitation, the CUP and the SWFP) relating to the Landfill and any additional Permits which may be necessary for the substantial expansion and development of the Landfill as contemplated herein.

"Facility Franchise Deposit" has the meaning set forth in Section 3.4 hereof.

"Facility Franchise Fee" has the meaning set forth in Section 7.1(B) hereof.

"Franchise Year" means July 1 to June 30 each year during the Term of this Agreement; provided however, that the first Franchise Year will commence on the Contract Date and the last Franchise Year will end on the date of termination of this Agreement.

"Full Load Basis" means any waste delivered to the Company where the delivery container or collection truck consists entirely of Qualified City Waste, and no portion of such container or collection truck contains any waste which is not Qualified City Waste.

"Governmental Body" means any Federal, State, County, City or regional legislative, executive, judicial or other governmental board, agency, authority, commission, administration, court or other body, or any officer thereof acting within the scope of his or her authority.

"Governmental Fees" has the meaning ascribed thereto in Section 6.1(C) hereof.

"Guaranteed Acceptance Period" has the meaning ascribed thereto in Section 4.1 hereof.

"Guarantor" means Allied Waste Industries, Inc.

"Guaranty Agreement" means the Guaranty Agreement from the Guarantor to the City, a copy of which is attached hereto as Appendix E.

"Hazardous Materials" has the meaning given such term in CERCLA, the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Section 25300 et seq.) (West 1992 & Supp. 1999), and Titles 22 and 26 of the California Code of Regulations and other regulations promulgated thereunder. It further means any waste (or radioactive materials which are source, special nuclear or by-product material as defined by 42 U.S.C. Section 2011 et seq. and the regulations contained in 10 CFR Part 40) which by reason of its quality, concentration, composition or physical, chemical or infectious characteristics may do either of the following: cause, or significantly contribute to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness, or pose a substantial threat or potential hazard to human health or the environment, or any waste which is defined or regulated as a hazardous waste, toxic substance, hazardous chemical substance or mixture, or asbestos under Applicable Law, as amended from time to time including, but not limited to:

(1) the Resource Conservation and Recovery Act and the regulations contained in 40 CFR Parts 260-281;

(2) the Toxic Substances Control Act (15 U.S.C. Sections 2601, *et seq.*) and the regulations contained in 40 CFR Parts 761-766;

(3) the California Health and Safety Code, Section 25117 (West 1992 & Supp. 1999);

(4) the California Public Resources Code, Section 40141 (West 1996); and

(5) future additional or substitute Applicable Law pertaining to the identification, treatment, storage or disposal of toxic substances or hazardous wastes.

"Interim Agreement" means the Interim Agreement, dated June 29, 1998, between the City and the Company.

"Landfill" means the Sycamore Canyon Landfill.

"Landfill Site" means the site on which the Landfill is located and all contiguous property owned by the Company.

"LEA" means the San Diego Local Enforcement Agency designated by the City and approved by the California Integrated Waste Management Board.

"Legal Proceeding" means every action, suit, litigation, arbitration, administrative proceeding, and other legal or equitable proceeding having a bearing upon this Agreement.

"Loss-and-Expense" means any and all loss, liability, obligation, damage, delay, penalty, judgment, deposit, cost, expense, claim, demand, charge, tax, or expense, including all fees and costs.

"Metro Wastewater Plant" means the Metropolitan Wastewater Treatment Plant located at 5240 Convoy Street, San Diego, California.

"Miramar Landfill Closure" means such date when the Miramar Landfill no longer accepts at least two hundred fifty (250) tons of Acceptable Waste per day for at least thirty (30) consecutive days; provided, however, that if the Miramar Landfill does not accept at least the specified tonnage due to

Uncontrollable Circumstances, then Miramar Closure shall not be deemed to occur provided the pendency of such Uncontrollable Circumstances does not exceed six months.

"Miramar Landfill" means the Miramar Landfill located in the City of San Diego, State of California and operated by the City.

"Navy Waste" means Acceptable Waste generated by the operations of the United States Department of the Navy which the City is required to accept at the Miramar Landfill pursuant to the lease of the Miramar Landfill between the City and the United States of America.

"Non-City Waste" means all Acceptable Waste which is not City Waste.

"Non-Exclusive Franchises" means the Non-Exclusive Franchises for Solid Waste Services granted by the City to solid waste haulers authorizing (but not requiring) such solid waste haulers to collect Acceptable Waste generated in the City.

"Non-Exclusive Franchise Haulers" means haulers with whom the City has entered into Non-Exclusive Franchises for the purpose of collecting Acceptable Waste within the City boundaries.

"Non-Qualified Waste" means all Acceptable Waste which does not constitute Qualified City Waste.

"Normal Receiving Hours" are between the hours of 7:00 a.m. and 4:30 p.m. Monday through Saturday.

"Overdue Rate" means the greater of (i) 10% or (ii) the Prime Rate plus 1%; provided, however, that the Overdue Rate may not exceed the maximum interest rate allowed by law.

"Permits" means any permits, approvals, licenses, authorizations, consents and amendments thereof of whatever kind and however described which are required under Applicable Law to be obtained or maintained by any person with respect to the Landfill or the performance of any obligation under this Agreement or the matters covered hereby.

"Per-Ton Franchise Fee" shall have the meaning set forth in Section 7.1 (B).

"Qualified Alternate Solid Waste Management Facility" means any solid waste management facility which is authorized under Applicable Law to accept Qualified City Waste.

"Qualified Alternate Biosolids Services Providers" means any provider of Biosolids Services which is authorized under Applicable Law to accept Biosolids.

"Qualified City Waste" means all Acceptable Waste which is (a) City Residential Waste collected and delivered in vehicles owned and operated by the City, or collected pursuant to agreements between the City and private haulers and delivered to the Landfill on a Full Load Basis or (b) City Waste generated in the normal course of business from facilities owned or leased by the City and delivered to the Landfill on a Full Load Basis. Except as provided above, Qualified City Waste shall not include any Commercial Waste.

"Regulatory Agencies" means all government agencies having jurisdiction over the expansion, operation, development or closure of the Landfill.

"Reinstatement Event" has the meaning set forth in Section 6.1(E).

"Residual Waste" means residual waste remaining after the processing of Qualified City Waste at materials recovery or processing facilities.

"Resource Conservation and Recovery Act" or "RCRA" means the Resource Conservation and Recovery Act, 42 U.S.C.A. Section 6901 et seq., as amended and superseded.

"Self-Hauled Waste" means Acceptable Waste collected and hauled by Self-Haulers.

"Self-Hauler" means any person engaged in waste haulage who collects and hauls Acceptable Waste generated from residential or business activities in the City by such person and is not required to obtain a solid waste collection franchise from the City.

"South Bay Landfill" means that landfill commonly known as the "Otay Landfill" owned and operated by Otay Landfill, Inc., located within the boundaries of San Diego County.

"Special Waste" means industrial waste which, because of its physical or chemical characteristics, may require special handling and/or disposal procedures. Special Waste includes, but is not

limited to, soil contaminated with metals, organics or petroleum hydrocarbons, non-friable asbestos, treated wood, empty hazardous material containers, sewage treatment sludge, and industrial sludge.

"State" means the State of California.

"SWFP" means the Company's existing Solid Waste Facilities Permit No. 37-AA-0023 for the operation of the Landfill, as amended from time to time.

"Term" has the meaning set forth in Section 9.1. hereof.

"Total Quarterly Franchise Fee Tons" has the meaning set forth in Section 7.1(B).

"Unacceptable Waste" means any materials which cannot be accepted at a Class III landfill, in accordance with Applicable Law.

"Uncontrollable Circumstances" means any act, event or condition which materially and adversely affects the ability of either party to perform any obligation hereunder, if such act, event or condition is beyond the reasonable control and is not also the result of the willful or negligent act, error or omission or failure to exercise reasonable diligence on the part of the party relying thereon as a justification for not performing an obligation or complying with any condition required by such party under this Agreement, including, but not limited to the following:

- (1) a Change in Law.
- (2) an act of God (but not including reasonably anticipated weather conditions for the geographic area of the Facility), hurricane, landslide, lightning, earthquake, fire, explosion, flood, sabotage or similar occurrence, acts of a public enemy, extortion, war, blockade or insurrection, riot or civil disturbance;
- (3) preemption of materials or services by a Governmental Body in connection with a public emergency or any condemnation or other taking by eminent domain of any portion of the Landfill; and
- (4) strikes, work stoppages or other labor disputes or disturbances occurring prior to Miramar Closure with respect to any activity performed or to be performed at the Landfill; provided,

however, that only the first seven days in any Franchise Year (whether before or after Miramar Closure) of any strikes, work stoppages or other labor disputes or disturbances which affect the Company's provision of Biosolids Services shall constitute an Uncontrollable Circumstance.

It is specifically understood that none of the following acts or conditions shall constitute Uncontrollable Circumstances: (a) general economic conditions, interest or inflation rates, currency fluctuations or changes in the cost or availability of commodities, supplies or equipment; (b) changes in the financial condition of the City, the Company, the Guarantor or any subcontractor affecting their ability to perform their obligations; (c) the consequences of errors, neglect or omissions by the Company or the City, or any subcontractor of any tier in the performance of this Agreement; (d) union work rules, requirements or demands which have the effect of increasing the number of employees employed or otherwise increase the cost to either party of performing its obligations hereunder; (e) strikes, work stoppages or other labor disputes or disturbances occurring with respect to any activity performed or to be performed by either party or their subcontractors in connection with the Landfill or the services to be performed by the same hereunder; which strikes, work stoppages or other labor disputes occur after Miramar Closure; (f) strikes, work stoppages or other labor disputes or disturbances in excess of seven days in any Franchise Year occurring with respect to any activity performed or to be performed by the Company or any of the Company's subcontractors in connection with the collection, transportation or acceptance of Biosolids pursuant to Section 4.2; (g) any failure of any subcontractor to furnish labor, materials, service or equipment for any reason (other than an Uncontrollable Circumstance); (h) equipment failure; and (i) any impact of minimum wage law, prevailing wage law, customs or practices on the Company's or City's costs.

SECTION 1.2. INTERPRETATION. Unless the context otherwise requires, this Agreement shall be interpreted with respect to the following:

(i) References Hereto. The terms "hereby", "hereof", "herein", "hereunder" and any similar terms refer to this Agreement.

(ii) Gender and Plurality. Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(iii) Persons. Words importing persons include firms, companies, associations, general partnerships, limited partnerships, trusts, business trusts, corporations and other legal entities, including public bodies, as well as individuals.

(iv) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Agreement shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(v) Entire Agreement. This Agreement (including the appendices hereto) contains the entire agreement between the parties hereto with respect to the transactions contemplated by this Agreement and, except as expressly provided otherwise herein, nothing in this Agreement is intended to confer on any person other than the parties hereto and their respective permitted successors and assigns hereunder any rights or remedies under or by reason of this Agreement.

(vi) Counterparts. This Agreement may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Agreement.

(vii) Applicable Law. This Agreement shall be governed by and construed in accordance with the applicable laws of the State of California, without reference to principles of conflicts of law.

(viii) Severability. If any clause, provision, subsection, Section or Article of this Agreement shall be ruled invalid by any court of competent jurisdiction or administrative agency, then the parties shall: (1) promptly meet and negotiate a substitute for such clause, provision, subsection, Section or Article which shall, to the greatest extent legally permissible, effect the intent of the parties therein; (2) if necessary or desirable to accomplish item (1) above, apply to the court having declared such invalidity for a judicial construction of the invalidated portion of this Agreement; and (3) negotiate such changes in, substitutions for or additions to the remaining provisions of this Agreement as may be necessary in addition to and in

conjunction with items (1) and (2) above to effect the intent of the parties in the invalid provision. The invalidity of such clause, provision, subsection, Section or Article shall not affect any of the remaining provisions hereof, and this Agreement shall be construed and enforced as if such invalid portion did not exist.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF THE CITY. The City represents and warrants that:

(i) Existence and Powers. The City is a charter city validly existing under the Constitution and laws of the State, with full legal right, power and authority to enter into and perform its obligations under this Agreement.

(ii) Due Authorization and Binding Obligation. The City has duly authorized the execution and delivery of this Agreement, and this Agreement has been duly executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms except insofar as such enforcement may be affected by bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally.

(iii) No Conflict. Neither the execution nor the delivery by the City of this Agreement nor the performance by the City of its obligations hereunder nor the consummation by the City of the transactions contemplated hereby (1) conflicts with, violates or results in a breach of any law or governmental regulation applicable to the City or (2) conflicts with, violates or results in a breach of any term or conditions of any judgment, decree, agreement or instrument to which the City is a party or by which the City or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument.

(iv) No Litigation. There is no action, suit or other proceeding, at law or in equity, before or by any court or governmental authority pending or, to the City's best knowledge, threatened against the City which is likely to result in an unfavorable decision, ruling or finding which would materially and adversely affect the validity or enforceability of this Agreement or any other agreement or instrument to be entered into by the City in connection with the transactions contemplated hereby, or which would materially and adversely

affect the performance by the City of its obligations hereunder or under any such other agreement or instrument.

(v) No Legal Prohibition. The City has no knowledge of any Applicable Law in effect on the date of which this representation is being made which would prohibit the performance by the City of this Agreement and the transactions contemplated hereby.

SECTION 2.2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants that:

(i) Existence and Powers. The Company is a corporation validly existing under the laws of the State, with full legal right, power and authority to enter into and perform its obligations under this Agreement.

(ii) Due Authorization and Binding Obligation. The Board of Directors of the Company has duly authorized the execution and delivery of this Agreement, and this Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except insofar as such enforcement may be affected by bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally.

(iii) No Conflict. Neither the execution nor the delivery by the Company of this Agreement nor the performance by the Company of its obligations hereunder nor the consummation by the Company of the transactions contemplated hereby (1) conflicts with, violates or results in a breach of any law or governmental regulation applicable to the Company or (2) conflicts with, violates or results in a breach of any term or condition of any judgment, decree, agreement or instrument to which the Company is a party or by which the Company or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument.

(iv) No Approval Required. No approval, authorization, order or consent of, or declaration, registration or filing with, any governmental authority, or any approval of shareholders, is required.

for the valid execution, delivery and performance by the Company of this Agreement, except such as have been duly obtained or made.

(v) No Litigation. There is no action, suit or other proceeding, at law or in equity, before or by any court or governmental authority pending or, to the Company's best knowledge, threatened against the Company which is likely to result in an unfavorable decision, ruling or finding which would materially and adversely affect the validity or enforceability of this Agreement or any other agreement or instrument to be entered into by the Company in connection with the transactions contemplated herein, or which would materially and adversely affect the performance by the Company of its obligations hereunder or under any such other agreement or instrument.

(vi) No Legal Prohibition. The Company has no knowledge of any Applicable Law in effect on the date as of which this representation is being made which would prohibit the performance by the Company of this Agreement and the transactions contemplated hereby.


ARTICLE III

DEVELOPMENT OF THE LANDFILL

SECTION 3.1. DEVELOPMENT OF THE LANDFILL. (A) Generally. Subject to any modifications to the Permits which the Company may be granted in accordance with Applicable Law, the Company shall continue to operate the Landfill under the terms of and in accordance with the provisions of the Permits in effect as of the Contract Date. Without pre-committing to any particular outcome with respect thereto, to the extent permitted by Applicable Law the City agrees to use its best efforts to expedite the processing, review and consideration of applications for (a) limited modifications which the Company may request to accommodate continuing operation of the Landfill pending the processing of the Expansion Permits, including but not limited to the application submitted by the Company entitled "Application for Solid Waste Facility Permit/Waste Discharge Requirements," dated as of April 5, 1999, to increase the daily peak tonnage to 3,300 tons, (b) Permits necessary or helpful for the mining, processing and sale of aggregate at the Landfill, (c) any Permits, or amendments thereto, to allow the Beneficial Use of Biosolids in accordance with Section 4.2(F), (d) any Permits necessary for recycling of demolition waste (i.e., concrete, asphalt, etc.); and (e) any other Permits incidental or related to the foregoing which are issued by the City.

(B) Potential Landfill Expansion. The Company currently intends to apply for the Expansion Permits. Without pre-committing to any particular outcome with respect thereto, to the extent permitted by Applicable Law, the City agrees to use its best efforts to expedite the processing, review and consideration of applications for such Expansion Permits. The Company acknowledges that the application for and consideration of any Expansion Permits are independent processes which must be objectively undertaken in accordance with Applicable Law. Until all requirements of Applicable Law are met (including but not limited to all environmental reviews which may be required under CEQA), the City cannot commit to any particular outcome with respect to the further development of the Landfill. By execution of this Agreement, the City cannot and does not waive any provisions of law relating to such processes, or make any commitment

whatsoever with respect to the approval or denial of any applications submitted by the Company in connection with the development or expansion process. The City specifically reserves the right, without limitation, to take any action authorized by law with respect to the application process, including but not limited to, commenting on the application, objecting to the development plans of the Company with respect to the Landfill, and/or denying the application, all in accordance with Applicable Law.

 (C) Estimated Timetable for CUP Amendment. Subject to the provisions of Section 3.1(B), the Company shall submit in a complete and timely manner any applications or other documentation which may be required in connection with any amendments of the CUP necessary for the continuing operation and development and expansion of the Landfill. Without pre-committing to any particular outcome with respect thereto, to the extent permitted by Applicable Law, the City agrees to use its best efforts to expedite the processing, review and consideration of applications for such amendments. Without limiting the generality of the foregoing, Appendix B contains a timetable of the CUP amendment process which the Parties believe to be reasonable. In the event that a deadline in the timetable is missed or delayed, such occurrence will not constitute an event of default as defined in Section 8.1 hereof, provided that the Parties have exercised commercially reasonable efforts to follow such timetable.

(D) DSD Coordinator. The City will appoint a DSD Coordinator to act as a contact person in order to assist and follow-up on the Company's various applications with respect to the CUP amendment process.

(E) Expansion Date. Upon the Expansion Date, the Company shall have the right to implement any changes contemplated under the Expansion Permits, subject to the provisions hereof and Applicable Law.

(F) City Best Efforts to Expedite Applications. Any provision of this Agreement which obligates the City to use its "best efforts to expedite the processing, review and consideration" of applications for Permits, or otherwise, shall be deemed to obligate the City to act in good faith to expedite any necessary or incidental processing, review, consideration and/or action on each such application on its own merits, and further to accomplish any allowed City comments on such applications only through formal and public

channels; provided, however, that the City does not waive any provisions of Applicable Law relating to the review of such applications and shall not be pre-committed to any particular outcome with respect to any such applications.

SECTION 3.2. LOCAL ENFORCEMENT AGENCY. The Company and the City acknowledge that the LEA has the authority to regulate all disposal, processing and/or transferring activities at the Landfill, to make inspections to determine compliance with Applicable Law, and to undertake enforcement actions, all in accordance with Applicable Law. The City has designated the DSD as the LEA, and the State has certified the DSD as the LEA. This Agreement does not in any manner limit the rights and authority of the DSD, acting in its capacity as the lawfully designated and certified LEA, to undertake such enforcement and regulation actions, and to impose any conditions on the Company with respect to the Landfill, all in accordance with Applicable Law.

SECTION 3.3. ANNUAL WASTE ACCEPTANCE LIMITATIONS. (A) Generally. In order to assure the City that the Company will be able to meet its obligations hereunder to accept Qualified City Waste for the life of the Landfill on the terms and conditions, and in the time and manner, specified in this Agreement, the Company agrees that it shall limit the amount of Acceptable Waste that it accepts at the Landfill in accordance with this Section 3.3. The maximum number of tons of Acceptable Waste set forth in Section 3.3 (B) which the Company has agreed to accept in any Franchise Year were calculated based upon good faith estimates by the City that the Miramar Landfill Closure would occur no sooner than the year 2013.

(B) Annual Waste Acceptance Limitations. Commencing on the Contract Date and during the life of the Landfill (subject to Section 4.5), the Company shall not accept Acceptable Waste at the Landfill (including Qualified City Waste which may be delivered during such period) in excess of the lesser of (i) the maximum amount of Acceptable Waste specified in any Permits or (ii) the amounts specified in Appendix D hereto in any Franchise Year; provided, however, that the amounts specified in Appendix D shall be subject to increase in the following manner:

(i) to reflect any unused accumulated Disposal Credit as set forth in Section 3.3(C);

(ii) to reflect deliveries of Qualified City Waste prior to June 30, 2013 in accordance with Section 3.3(D);

(iii) to reflect waste accepted during emergencies pursuant to Sections 5.2;

(iv) to reflect any waste collected or accepted pursuant to Section 5.3 (J) which waste is disposed at the Landfill;

(v) prior to June 30, 2013, to reflect any Commercial Waste described in Section 3.3(F); and

(vi) by mutual agreement of the Parties.

(C) Disposal Credit. In the event the actual amount of Acceptable Waste the Company accepts in a Franchise Year is less than the amount specified in Appendix D with respect to such Franchise Year, the Company shall receive a Disposal Credit. The Disposal Credit may be utilized by the Company in any subsequent Franchise Year or Franchise Years by increasing the amounts specified in Appendix D hereto which may be accepted by Company at the Landfill by the amount of the Disposal Credit, or any portion thereof. The Company shall provide the City with an annual notice within 60 days after the end of each Franchise Year specifying (i) the amount of Disposal Credit which accrued during such Franchise Year (if applicable); (ii) the amount of Disposal Credit utilized in such Franchise Year (if applicable); and (iii) the remaining unused Disposal Credits accrued from prior Franchise Years (if applicable). Upon request of the City, the Company shall provide the City with documentation verifying the Company's calculation of the Disposal Credit.

(D) Qualified City Waste Delivered Prior to June 30, 2013 Not Counted Toward Limitation.

In accordance with Section 3.3(B)(ii), the Annual Waste Acceptance Limitations specified in Appendix D shall be increased to reflect any deliveries of Qualified City Waste prior to June 30, 2013. Deliveries of Qualified City Waste after June 30, 2013 are already included in the Annual Waste Acceptance Limitation specified in Appendix D and therefore Appendix D shall not be increased to reflect such deliveries of Qualified City Waste after June 30, 2013 (except as provided in Section 3.3(B)(vi)). The Company acknowledges that the Annual Waste Acceptance Limitations shall be a contractual obligation of the Company as provided herein, even if the

Permits for the Landfill allow the Company to accept greater amounts of Acceptable Waste at the Landfill from time to time.

(E) Daily Cap Increase: Daily Traffic Count Increase. In addition to City's obligation to process any Expansion Permits or other modifications set forth in Section 3.1, the City shall (without pre-committing to any particular outcome with respect thereto) use its best efforts to expedite the processing, review and consideration of any applications for temporary increases in the daily waste acceptance limitations and/or daily traffic count set forth in any Permits (as the same may be submitted to the LEA or other appropriate Governmental Body) to allow the Company to utilize any Disposal Credit which it may accrue.

(F) Adjustment of Annual Waste Acceptance Limitation in Certain Circumstances. In the event that (i) the Miramar Landfill Closure occurs prior to June 30, 2013 or (ii) the City implements a policy which prohibits, discourages or takes any action which has the effect of materially reducing the disposal of Commercial Waste at the Miramar Landfill, then the amounts contained in the Annual Waste Acceptance Limitation specified in Appendix D prior to June 30, 2013 shall be increased to reflect the amount of Commercial Waste which was previously disposed at the Miramar Landfill but can no longer be disposed at the Miramar Landfill because of the Miramar Landfill Closure or the policy implementation described above. Notwithstanding the foregoing, for purposes of this Section 3.3 (F), any diversion program imposed by the City on generators or haulers of Commercial Waste shall generally not trigger an increase as described herein even if such program actually results in a decrease in the amount of Commercial Waste delivered to the Miramar Landfill, provided, however, that if the City does not accept at the Miramar Landfill the residual waste remaining after the processing of Commercial Waste pursuant to the City imposed diversion program, then the Annual Waste Acceptance Limitation shall be increased to reflect the amount of such residual waste. The amount of the increase pursuant to this Section shall be equal to the difference between (x) the amount of Commercial Waste accepted at the Miramar Landfill in the last full year prior to which the Miramar Landfill Closure occurred or the policy described above was implemented and (y) the amount of Commercial Waste reasonably anticipated by the City to be accepted at the Miramar Landfill in the first full year following the

Miramar Landfill Closure (if any) or the implementation of the policy described above (if any). The amount of the increase as initially calculated shall be escalated by 2% annually until June 30, 2013 at which time the provisions of this Section shall no longer apply. In addition, in the event that the City implements a further policy or action which has the effect of further materially reducing the disposal of Commercial Waste at the Miramar Landfill, the amount of the increase pursuant to this Section shall be recalculated to take into account such further policy or action.

SECTION 3.4 FACILITY FRANCHISE DEPOSIT. In consideration of the covenants and conditions of this Agreement, commencing on July 1, 1999, the Company shall pay to the City, on an annual basis, a non-refundable Facility Franchise Deposit of Two Million Three Hundred Thousand Dollars (\$2,300,000) per Franchise Year. Such Facility Franchise Deposit shall be payable on July 1, 1999 and each July 1 thereafter (subject to Section 7.1(B) and 7.1(C)). The obligation of the Company to pay the Facility Franchise Deposit pursuant to this Section 3.4 shall terminate upon the effectiveness of the Franchise Fee specified in Section 7.1(B) or Section 7.1(C), at which time the obligation of the Company to make payments under Section 7.1(B) or Section 7.1(C), as applicable, shall commence. The Company acknowledges that the City shall be entitled to utilize any payments made by the Company to the City for any purposes determined by the City Council in its sole discretion. The Company agrees that any amounts paid to the City pursuant to the Interim Agreement shall not be considered a credit or offset against any payments due to the City from the Company pursuant to this Agreement. The Company also agrees that, although the amounts payable by the Company pursuant to this subsection are characterized as a "deposit" such amounts shall not be refundable to the Company for any reason.

ARTICLE IV

WASTE DELIVERY AND ACCEPTANCE

SECTION 4.1. WASTE ACCEPTANCE BY THE COMPANY. (A) Obligation of the Company to Accept. Subject to prior notification requirements contained in this Section 4.1, the Company will be obligated to accept Qualified City Waste during the Guaranteed Acceptance Period in accordance with this Agreement. The "Guaranteed Acceptance Period" shall commence on the earlier to occur of (i) the Miramar Landfill Closure, or (ii) the date on which the City commences deliveries of Qualified City Waste pursuant to Section 4.1(B), and shall last for the life of the Landfill (subject to the provisions of Section 4.5) provided, however, that as to clause (ii) above, the Guaranteed Acceptance Period shall in no event begin prior to the Company obtaining the Expansion Permits; provided further, that the Company shall not be obligated to accept Qualified City Waste during any period in which the City has elected to utilize a Qualified Alternate Solid Waste Management Facility pursuant to Section 6.1(D), and any such periods shall not be considered to be within the Guaranteed Acceptance Period for all purposes under this Agreement, including the provisions of Section 4.1(F). The Company acknowledges that the obligation of the Company to accept Qualified City Waste at the Landfill in accordance with this Section shall have priority over any other obligation of the Company to accept Acceptable Waste at the Landfill.

(B) City's Right to Deliver Qualified City Waste and Notification Requirements Before The Miramar Landfill Closure. Commencing on the Contract Date and until the Miramar Landfill Closure occurs, the City shall have the right, but not the obligation, to deliver Qualified City Waste for disposal at the Landfill from time to time. In the event that the City wishes to deliver Qualified City Waste to the Landfill, it shall provide the Company with written notice thereof prior to the date on which the City elects to commence deliveries of Qualified City Waste. If the amount of Qualified City Waste which the City elects to deliver is estimated by the City to exceed an average of five hundred (500) Tons per day, such notice shall be provided at least twenty four months prior to the date on which the City elects to commence deliveries; if the amount

of Qualified City Waste which the City elects to deliver is estimated by the City to be equal to or less than 500 Tons per day, such notice shall be provided at least eighteen months prior to the date on which the City elects to commence deliveries; provided, however, that despite such notice requirements, the Company shall endeavor to commence acceptance of Qualified City Waste pursuant to this Section as soon as practicable. Such notice shall include the following: (i) the date on which the City elects to commence deliveries of Qualified City Waste; and (ii) the estimated amount expected to be delivered (on a daily, weekly, and annual basis). Subject to Section 4.1(C), the date on which the City commences deliveries of Qualified City Waste pursuant to this Section shall constitute the first day of the Guaranteed Acceptance Period. In the event that the City delivers Qualified City Waste pursuant to this Section, the Contract Rate specified in Article VI shall apply to such Qualified City Waste. The City shall effect the deliveries of Qualified City Waste specified in the notice sent pursuant to this Section 4.1(B) and the Company shall be obligated to accept the Qualified City Waste so delivered.

(C) Deliveries of Qualified City Waste Without Prior Notice. Notwithstanding the provisions of Section 4.1(B), if prior to the Guaranteed Acceptance Period the City desires to deliver Qualified City Waste to the Landfill without providing prior notice, to the extent that the Company has the capacity under the Permits, the Company shall utilize its best efforts to accept such Qualified City Waste at the Landfill or the South Bay Landfill; provided, however the City shall endeavor to notify the Company as soon as practicable of its intention to make such deliveries if applicable. Deliveries of Qualified City Waste pursuant to this Section 4.1(C) shall not be considered to cause the Guaranteed Acceptance Period to commence. In addition, deliveries of Qualified City Waste pursuant to this Section 4.1(C) prior to June 30, 2013 shall not be included in the calculation of total tonnage for purposes of determining compliance with the Annual Waste Acceptance Limitations set forth in Section 3.3. In the event that the City delivers Qualified City Waste pursuant to this Section, the Contract Rate specified in Article VI shall apply to such Qualified City Waste.

(D) Potential Waste Acceptance At Alternate Landfill. At any time during a Guaranteed Acceptance Period, the Company may present a proposal to the City that the Company accept Qualified City

Waste at an alternate disposal facility. Any such alternate disposal must be fully permitted in accordance with Applicable Law. Such proposal will identify the alternate disposal facility, as well as any reductions to the Contract Rate proposed by the Company to reflect increased costs which might be incurred by the City, if any, in the event that the City accepted the Company's proposal. The Company shall also provide the City with any information reasonably requested by the City relating to the proposed alternate disposal facility. The City shall have the right in its sole discretion to accept or reject the Company's proposal.

(E) Commitment By City To Deliver After The Miramar Landfill Closure. Subject to the City's rights under Section 6.1(D), upon the Miramar Landfill Closure, the City shall deliver to the Landfill all Qualified City Waste with respect to which the City has the legal or contractual ability to control the disposal location for. The then-current Contract Rate specified in Article VI shall apply to such waste. Notwithstanding the foregoing, the City shall not be obligated to deliver to the Landfill Qualified City Waste as follows:

(i) Qualified City Waste (other than Residual Waste) with respect to which the City does not have the legal or contractual ability to designate the disposal location for;

(ii) any Qualified City Waste which the City delivers to alternate facilities in order to comply with diversion goals (to the extent that such goals cannot reasonably be fulfilled by delivering such materials to the Landfill or the South Bay Landfill);

(iii) any Qualified City Waste governed by Section 4.5; and

(iv) any Qualified City Waste which the City delivers to a Qualified Alternate Disposal Facility following the Company's failure to exercise its right of first refusal in accordance with Section 6.1(D).

Following the Miramar Landfill Closure, the City shall also deliver to the Landfill Residual Waste from any City owned or operated materials recovery facility or waste processing facility (other than a disposal facility described in clause (iv) above) in accordance with the terms and conditions described above and in Section 6.1. hereof. In addition, in any request for proposals for the processing of Qualified City Waste at

processing facilities which are not owned or operated by the City, the City shall include a provision that (consistent with this Agreement) any successful proposer shall be obligated to deliver to either the South Bay Landfill or the Landfill all Residual Waste at the Contract Rate, subject to escalation as set forth in Section 6.1.

Notwithstanding the foregoing, the City shall not be obligated to direct Non-Exclusive Franchise Haulers which have the right but not the obligation under a Non-Exclusive Franchise to collect Acceptable Waste within the City limits (whether or not under such agreement the City has the right to designate the disposal facility), to deliver such Acceptable Waste to the Landfill. Accordingly, the Company shall be entitled to charge such Non-Exclusive Franchise Haulers, the then generally applicable tipping fee for the use of the Landfill, and the City shall have no responsibility with respect to the payment of such tipping fees.

(F) Unavailability of Landfill: Provision of Transfer Capacity; Damages for Failure to Accept Qualified City Waste During the Guaranteed Acceptance Period. During the Guaranteed Acceptance Period, the Company shall immediately advise the City by telephone and facsimile of any situation, event or circumstance which results in the partial or complete inability of the Company to receive Qualified City Waste at the Landfill, its effect on the Company's ability to perform its obligations hereunder, and the Company's best estimate of the probable duration. The Company shall confirm such notification in writing within twenty-four (24) hours of the occurrence of any such inability. The Company shall use its best efforts to resume normal operation of the Landfill as soon as possible. Except for inability caused by Uncontrollable Circumstances, in the event that at any time during the Guaranteed Acceptance Period, the Company is unable to accept Qualified City Waste for disposal at the Landfill, it shall nonetheless provide sufficient transfer capacity at the Landfill, and shall accept for transfer and disposal of Qualified City Waste at such Landfill for the Contract Rate. In the event that the Company cannot provide such transfer capacity, it shall be obligated to accept such Qualified City Waste at the South Bay Landfill or another disposal facility made available by the Company at the Contract Rate and to reimburse the City for any actual and reasonable increased transfer and transportation costs (including without limitation, equipment rental costs, overtime and increased fuel costs resulting from

the unavailability of the Landfill) incurred by the City in transporting Qualified City Waste to another disposal facility made available by the Company. In the event that the Company cannot provide disposal capacity at another facility, it shall be obligated to reimburse the City for (i) any actual and reasonable increased transfer and transportation costs (including without limitation, equipment rental costs, overtime and increased fuel costs resulting from the unavailability of the Landfill) incurred by the City in transferring and transporting Qualified City Waste to any other disposal facility used by the City and (ii) the amount, if any, by which the tipping fee actually paid at the alternative facility utilized by the City exceeds the then current Contract Rate. The invoice shall include reasonable substantiation of the amount invoiced.

(G) Company Notification to the City of Certain Agreements. In order for the City to be assured of the compliance by the Company with the Annual Waste Acceptance Limitations and the ability of the Company to accept Qualified City Waste during the Guaranteed Acceptance Period, the Company shall provide the City written notice of any agreement which it may execute with third parties during the Guaranteed Acceptance Period for disposal services at the Landfill, provided such contracts (i) contemplate the acceptance of more than 500 tons per day and (ii) have a term in excess of two years. The City acknowledges that the Company shall not be required to disclose the identity of such third party or the price per ton payable by such third party for disposal services. In addition, any contracts which the Company enters into which result (when aggregated with all other contracts executed by the Company) in an obligation on the part of the Company to accept more than 3,300 tons per day (as such amount shall be escalated by 2% annually, commencing July 1, 1999) at any time during the Guaranteed Acceptance Period shall include an explicit provision that the Company's obligation to accept Qualified City Waste and Biosolids hereunder shall have priority over the Company's obligation to accept waste pursuant to such contract.

SECTION 4.2. ACCEPTANCE OF BIOSOLIDS BY THE COMPANY. (A) Exclusive Right and Obligation. Commencing on February 22, 2000 (the "Biosolids Services Effective Date"), the Company (or its affiliates) shall have the exclusive right to collect, transport and dispose of approximately 130,000 Tons of Biosolids generated from the Metro Wastewater Plant each Franchise Year (to the extent that such amount

of Biosolids is generated from the operations of the Metro Wastewater Plant in any Franchise Year), and shall collect, transport and dispose of such Biosolids at the South Bay Landfill or the Landfill in accordance with this Section, the requirements of Appendix F and Applicable Law. The services of the Company pursuant to this Section shall constitute the "Biosolids Services." The exclusive right and obligation of the Company to undertake the Biosolids Services shall terminate on the fifth anniversary of the Biosolids Services Effective Date; provided, however, that at the end of the five year period or any extension period, the City shall either (i) extend the right of the Company to provide Biosolids Services for an additional period of five years (on the same terms and conditions as the initial period, subject to escalation of the rate Biosolids Services Rate in the manner described in Section 4.2(B)) or (ii) solicit bids from Qualified Alternate Biosolids Services Providers, which are (w) lower in cost on an All-Inclusive Bid basis; (x) bona fide and made in good faith; (y) contain a scope of services, safety and operational standards reasonably similar to those contemplated herein with respect to Biosolids; and (z) have a term of at least five years, in which case it shall notify the Company of such competitive bids. In the event that the City elects to not extend the Company's right to provide Biosolids Services, it shall notify the Company at least 180 days prior to the fifth anniversary of the Biosolids Services Effective Date or any five year extension thereof. The Company shall have the right of first refusal to match any All-Inclusive Bid submitted by a Qualified Alternate Biosolids Services Provider; provided, however, that if any such All-Inclusive Bid provides for Beneficial Use of the Biosolids in accordance with Applicable Law, then the Company shall only have the right of first refusal if its disposition of the Biosolids also constitutes Beneficial Use.

(B) Biosolids Services Rate. Except as provided in Section 4.2(D) and subject to the reimbursement of certain costs if applicable pursuant to Section 4.2(E), in consideration of the performance by the Company of the Biosolids Services, the City shall pay the Company an amount equal to \$26.00 per ton for each ton of Biosolids collected, transported and disposed by the Company in accordance with this Section. Such amount shall be adjusted annually on each July 1, commencing July 1, 2000, in accordance with the escalation formula described in Section 6.1(C) hereof. For purposes of such escalation, the Base Rate

component of the Biosolids Services Rate shall be \$24.51. The Company shall submit a monthly invoice for Biosolids Services to the City within twenty (20) days after the month to which the invoice relates. Such invoice shall specify the number of tons collected by the Company on a daily basis, as well as other information which may reasonably be requested by the City. The City shall pay undisputed amounts indicated on the monthly invoice within thirty (30) days after the delivery of the invoice or that sum shall thereafter accrue interest at the Overdue Rate.

(C) Damages for Failure to Provide Biosolids Services. In the event that the Company fails, for any reason other than Uncontrollable Circumstances, to collect, transport and dispose of Biosolids in accordance with this Section, the Company shall pay the City an amount equal to the Biosolids Liquidated Damages. The "Biosolids Liquidated Damages" for each ton of Biosolids not collected by the Company shall be equal to the difference between (i) the per-ton cost actually incurred by the City arranging for and providing for the collection, transportation and disposal of such Biosolids (including, without limitation, equipment rental costs, costs for alternate transportation arrangements, cost of alternate disposal arrangements, and overtime costs which would not have been incurred but for the Company's failure to perform the Biosolids Services) and (ii) Twenty-Six and 00/100 Dollars (\$26.00) per ton (as such amount may be escalated pursuant to Section 4.2(B)). In the event that the City utilizes the Miramar Landfill as the disposal facility for Biosolids, the Company agrees that the disposal cost (not including collection and transportation costs) to be utilized for purposes of calculating the Biosolids Liquidated Damages shall be the greater of (x) the then current posted tipping rate at the Miramar Landfill and (y) \$24.00 per ton (which amount shall be adjusted annually using the escalation adjustment described in Article VI for the Contract Rate). The Company acknowledges that, because of the legitimate interest of the City in preserving capacity at the Miramar Landfill, and the unique value of such capacity, the City shall not be obligated to utilize the Miramar Landfill in such circumstances; provided, however, if the City elects not to utilize the Miramar Landfill prior to its permanent closure, for the first 30 days in which Biosolids Liquidated Damages are payable, the cost of other alternate arrangements utilized for purposes of determining the Biosolids Liquidated Damages (including collection and transportation

costs) shall not be more than the amount which would have been incurred had the City utilized the Miramar Landfill. After such 30 day period, the actual cost of alternate disposal arrangements shall be utilized for purposes of calculating such damages as described above. The City shall provide the Company with a weekly invoice for Biosolids Liquidated Damages, which invoice shall include reasonable substantiation of the amount invoiced. The Company shall pay such invoice within thirty (30) days of receipt or such amount shall thereafter accrue interest at the Overdue Rate.

(D) Beneficial Use of Biosolids. The Company shall use reasonable business efforts to qualify its disposition of Biosolids accepted by the Company pursuant to this Section as Beneficial Use; provided, however, that it shall not be required to incur any material additional costs in such effort unless the City has agreed to reimburse such costs pursuant to Section 4.2(E).

(E) Additional Costs. In the event that the Company cannot provide for the Beneficial Use of Biosolids without incurring additional costs and the Company desires to seek reimbursement of such costs from the City, the Company may provide the City with a proposal for the Beneficial Use of Biosolids. Such proposal shall describe the manner in which Beneficial Use shall be achieved, as well as any additional costs that would be incurred by the Company in implementing such proposal for Beneficial Use. The City shall have the right to either accept or reject the Company's proposal in its sole discretion. In the event that the City accepts the proposal, the Company shall implement the proposal as soon as practicable, and the City shall be responsible for reimbursing the costs of the Beneficial Use as described in the proposal (at the time and in the manner identified in the proposal). In the event that the City rejects the proposal, the Company may implement the proposal, but the City shall have no responsibility for reimbursement of any costs identified in the proposal.

(F) Permits and Approvals. Without pre-committing to any particular outcome with respect thereto, the City agrees to use its best efforts to expedite the processing, review and consideration of applications for any and all approvals, permits and licenses or amendments thereto associated with the disposition of the Biosolids as a Beneficial Use to the extent permitted by Applicable Law.

SECTION 4.3. DELIVERIES OF CERTAIN WASTE FOLLOWING CONTRACT DATE.

Commencing with the Franchise Year beginning July 1, 1999, the City agrees that it shall utilize the Landfill or the South Bay Landfill on a "put or pay" basis for the disposal of an aggregate 75,000 tons of Qualified City Waste in each rolling three year period until the Miramar Landfill Closure (at which point the provisions of Section 4.1(E) shall apply); provided, however, that the amount to be delivered in the first Franchise Year shall be prorated to reflect the actual numbers of days in such Franchise Year; and further provided that in no event shall deliveries in any Franchise Year be less than 23,750 tons (subject to the prorating described in the first proviso of this sentence). The City shall pay the Contract Rate for the disposal of Qualified City Waste delivered to the Landfill or the South Bay Landfill in accordance with this Section. As soon as practicable after the Contract Date, the City and the Company shall develop mutually acceptable delivery schedules and share any other information necessary or helpful to facilitate the delivery of the Qualified City Waste described in this Section. In addition, the Company acknowledges that deliveries of Qualified City Waste pursuant to this Section shall not cause the Guaranteed Acceptance Period to begin, and that the obligations of the Company to accept Acceptable Waste pursuant to this Section are in addition to its obligations pursuant to Section 4.1 and otherwise herein. The Company shall provide monthly invoices to the City with respect to Qualified City Waste delivered pursuant to this Section in accordance with Section 6.2.

SECTION 4.4. LIMITATION ON EXPORT OF CITY WASTE. The Company shall not export Biosolids or Qualified City Waste which is delivered to the Landfill to another disposal facility (other than the South Bay Landfill) without providing at least 90 days' prior written notice to the City; provided, however, that in the event that the City has pre-approved the proposed alternate landfill within a one year period preceding such request, then the required notice period shall be two working days. For purposes of this Section, the South Bay Landfill and the Miramar Landfill shall be deemed to be pre-approved by the City with respect to Qualified City Waste (subject to revocation of such approval by the City for cause) and no prior notice requirement shall be applicable to such landfills for Qualified City Waste (unless the pre-approval is revoked). In addition, the South Bay Landfill and the Copper Mountain Landfill located in Welton, Arizona

are pre-approved for the disposal of Biosolids. Such notice shall specify the disposal facility proposed by the Company for the disposal of Biosolids or Qualified City Waste (as applicable), and shall include a certification that the proposed disposal facility is authorized under Applicable Law to accept Qualified City Waste. In addition, the Company shall provide any other information reasonably requested by the City with respect to such alternate disposal facility. The City shall have the right to review any proposed alternate disposal facility (to the extent not previously approved) and object to such disposal facility, in which event such disposal facility may not be used by the Company for the disposal of Qualified City Waste or Biosolids. The City's approval or objection may be specific to Qualified City Waste or Biosolids. The Company shall reimburse the City for any costs reasonably incurred by the City in connection with the review of any alternate disposal facility proposed by the Company pursuant to this Section (which may include, but not be limited to, the cost of undertaking on-site inspections of the proposed alternate disposal facility); provided, however, that the maximum costs for the initial review of any particular alternate disposal facility for which the Company is obligated to provide reimbursement shall not exceed \$10,000 (as such amount shall be escalated utilizing the same methodology for escalation of the Contract Rate in Article VI hereof). In addition, the Company shall reimburse the City for any costs reasonably incurred by the City in connection with additional reviews of any alternate disposal facility previously approved by the City more than five years earlier; provided, however, that the maximum costs for such subsequent reviews of any particular alternate disposal facility for which the Company is obligated to provide reimbursement shall not exceed \$5,000 (as such amount shall be escalated utilizing the same methodology for escalation of the Contract Rate in Article VI hereof). In the event that the City agrees to allow the Company to export Biosolids or Qualified City Waste under this Section, the provisions of Section 9.11 shall apply to such exports as if the deliveries had occurred at the Landfill or the South Bay Landfill.

SECTION 4.5 UNCONDITIONAL RIGHT OF THE CITY TO DEVELOP OWN DISPOSAL FACILITY. (A) Generally. The Company acknowledges that the City shall have an unconditional right to develop either on its own or in partnership with other entities, public or private, an alternate disposal

facility to be located within or without the boundaries of the City. In the event of the development by the City of an alternate facility or if the City obtains an ownership interest in an alternate facility, the City shall have the right, in its sole discretion, upon two years' prior written notice, to terminate its delivery obligations to the extent provided in Section 4.5(B).

(B) Termination of Certain Obligations of City and Company. In the event that the City notifies the Company pursuant to Section 4.5(A) of its election to terminate its delivery obligations hereunder, then on the date specified in the notice as the date on which the City's waste delivery obligations will terminate: (i) the City's waste delivery obligations pursuant to Section 4.1(E) and Section 4.3 shall terminate; provided, however that the obligations of the City pursuant to Section 4.3 shall only terminate if and when the Miramar Landfill Closure has occurred; (ii) the Guaranteed Acceptance Period shall terminate; (iii) the Contract Rate shall terminate; and (iv) the Facility Franchise Fee shall be calculated in accordance with Section 7.1(D). In addition, on the date that the City issues the notice described in Section 4.5(A) the Annual Waste Acceptance Limitations set forth in Section 3.3(B) shall be equal to the amount then permitted under any Permits or further modifications thereof.

ARTICLE V
CERTAIN OPERATIONAL MATTERS

SECTION 5.1. NORMAL RECEIVING HOURS. (A) At the Landfill. After the Miramar Landfill Closure (or the date on which the City commences deliveries of Qualified City Waste pursuant to Section 4.1(B)), the Company shall keep the Landfill open for the receipt of waste at a minimum between the hours of 7:00 a.m. and 4:30 p.m. In addition, unless otherwise agreed by the Parties, after the Miramar Landfill Closure the Landfill shall (i) accept Self-Hauled Waste during its Normal Receiving Hours and (ii) shall be open for a minimum of four (4) hours (the exact times to be posted at the Landfill) on Sundays to provide for the acceptance of Self-Hauled Waste. In addition, the Landfill may be open for the receipt of Acceptable Waste for any period of time on Sundays allowed under the Permits. Regardless of the minimum operating hours specified above, the City shall have the right (subject to the notification provisions of Section 4.1) to deliver Qualified City Waste to the Landfill at any time during the Normal Receiving Hours when the Landfill is open for the receipt of Acceptable Waste. The foregoing shall in no way limit the hours of operation which the Company may request in applications for amendments to any Permits.

(B) At the South Bay Landfill. In order to accommodate the delivery of Acceptable Waste by the City pursuant to Section 4.3, the South Bay Landfill shall be open for the receipt of such waste between the hours of 7:00 a.m. and 4:00 p.m., Monday through Friday and between the hours of 7:30 a.m. and 4:00 p.m. on Saturdays (the "Normal South Bay Receiving Hours"). The foregoing shall in no way limit the hours of operation which the Company may request in applications for amendments to any Permits.

SECTION 5.2. EXCEPTIONS TO NOTIFICATION REQUIREMENTS AND NORMAL RECEIVING HOURS. In the event of Uncontrollable Circumstances resulting in the unavailability of the Miramar Landfill or the Landfill, in order to protect the health and safety of the citizens of the City, and upon the request of either Party, the other Party shall use its best efforts to accept Acceptable Waste under terms and conditions to be agreed upon among the Parties at the time such emergency conditions arise. In the event either Party agrees to accept the other Party's Acceptable Waste, (i) to the extent permitted by Applicable Law,

contractual limitations on tonnage provided under this Agreement will be temporarily waived to accommodate the other Party and (ii) each Party shall support the other Party's application to applicable Governing Bodies for temporary waivers of tonnage limitations which may be contained in Permits.

SECTION 5.3. GENERAL OPERATIONAL MATTERS. (A) The Company, at its cost and expense, shall at all times operate the Allied Landfills in accordance with Applicable Law. The Company shall obtain and maintain all Permits required for the operation of the Landfill and for the performance by the Company of its obligations hereunder. The Company shall provide the City with copies of any applications that the Company submits to any Governmental Body in connection with the issuance of new Permits with respect to the Landfill or the extension, revision or modification of existing Permits (such copies to be provided at the same time as the Company submits the applications to the Governmental Bodies).

(B) Access Roads, Haul Roads and Service Roads. The Company shall be responsible for the construction and maintenance of all roads required on the Landfill Site (or on the site of the South Bay Landfill, as applicable) for purposes of transporting Qualified City Waste and Biosolids to the actual point of disposal, or transporting earth materials for fill within the Landfill Site or the site of the South Bay Landfill, as applicable, and such other roads as may be required for its convenience.

(C) Access to Tipping Area. The Company shall use its best efforts to build and maintain the deck surface of the active Landfill area level and reasonably free from potholes or depressions so that vehicles may have clear and safe access to the tipping areas at all times. In the event a "tipper" is installed at the Landfill or the South Bay Landfill no distinction will be made in its use between Qualified City Waste and other waste accepted at the Allied Landfills; provided that Qualified City Waste arrives in vehicles for which "tippers" are typically utilized.

(D) Signs and Traffic. The Company shall maintain all existing and future signs on the Allied Landfills in a clean and readable condition. The Company shall provide and maintain signs for the convenience of the vehicles using the Allied Landfills and for safe and efficient traffic flow to and from the tipping area.

(E) Scales and Weighing. The Company shall operate and maintain permanent scales at the Allied Landfills. In the event that Company desires to relocate any such scales at the Landfill, the City agrees to use its best efforts to expedite the processing, review and consideration of applications for Permits or amendments necessary or desirable therefor. Except as otherwise provided herein, the Company shall weigh all vehicles delivering Qualified City Waste and prepare a daily weight record with regard to such delivery. The Company shall cause the scales to be calibrated and tested in accordance with Applicable Law. In the event that the scales are temporarily unavailable, the Company shall estimate the amount of Qualified City Waste based on historical records.

(F) Vehicle Procedures. The Company shall allow vehicles delivering Qualified City Waste to enter the Allied Landfills, utilize the scales, and dispose of loads in the same manner and in the same priority as vehicles owned or operated by the Company or its affiliates or related companies. Under no circumstances may the Company provide preferential queuing to its own vehicles or those of its affiliates or related companies.

(G) Personnel. The Company shall assign personnel to perform operations on the Allied Landfills on such days and during such hours as Biosolids and Qualified City Waste are being delivered and disposed, as may be required to assure a smooth and efficient operation. The Company shall assign adequate qualified personnel to operate equipment and direct traffic to the proper disposal area. Personnel shall be provided with operating and safety training on landfill procedures and operations. A representative of the Company shall be present at the Site at all times that any operations are being conducted thereon. The Company shall file with the Director the name, address and telephone number of a representative who can be contacted at any time. The representative must be fully authorized and equipped to respond to reasonable requests of the Director.

(H) Equipment. The Company shall provide the equipment necessary (utilizing customary operating procedures) for regular operations of the Allied Landfills in accordance with Applicable Law. The Company shall properly protect the equipment and place it in the charge of competent operators. The Company

shall repair and maintain all such equipment at its own cost and expense. The Company shall have available sufficient equipment as is customary in the solid waste industry for similarly sized privately owned and operated landfill operations in California.

(I) Safety. The Company shall operate the Landfill and the South Bay Landfill in a safe manner, in accordance with Applicable Law and customary industry practices.

(J) Off-Site Migration. The Company shall at all reasonable times take reasonable measures to maintain within a one (1) mile radius the roads and streets in the City surrounding the Landfill Site free from litter from the operations of the Landfill. In addition, the Company shall promptly clean-up any illegal dumping of solid waste within the City within the same one (1) mile radius. The Company shall further sponsor and pay for the cost of organizing a clean-up drive of the Mission Trails Park, twice a year. In addition, the Company shall accept free of any charge up to 100 tons of Acceptable Waste each Franchise Year collected by charitable non-profit organizations and community clean-up drives designated by the City; upon closure of the Miramar Landfill, the Company shall accept up to 250 tons of such Non-Profit Waste free of charge. The Company shall have no obligation (other than that imposed by Applicable Law, if any) to clean-up or otherwise remediate any Hazardous Materials dumped, illegally or otherwise, within the same one mile radius of the Landfill.

(K) Entrance Facility. The Company shall construct and maintain at its sole cost and expense an aesthetically pleasing entrance facility to the Landfill. Subject to Applicable Law, the City will use its best efforts to expedite the processing, review and consideration of applications for any necessary Permits or approvals regarding the entrance facility.

(L) Site Accessibility and Inspection. The Company shall at all reasonable times allow City officials to come upon the Landfill Site or the South Bay Landfill site to determine the compliance by the Company with the provisions of this Agreement. Upon arrival of any such official(s) at the gate, the City's representatives shall immediately inform the Company's onsite representative of such arrival. While the City officials are on the Landfill Site, the Company's representative shall be entitled to accompany such official(s).

In no event will such inspection or tour be allowed to interfere with operation of the Landfill. Inspection of the work by the City shall not relieve the City or the Company of any obligation to perform under this Agreement.

(M) Availability of Representatives. A knowledgeable representative of the Company shall be available at the Company's office during office hours for telephone communication with the Director and with Customers.

(N) Self-Hauled Waste. The Company shall provide a designated tipping area for Self-Haulers, and shall accept Self-Hauled Waste during Normal Receiving Hours. The Company shall not impose any unreasonable operating procedures with respect to the delivery of such Self-Hauled Waste which are not generally applicable at other landfills operated by the Company or its affiliates.

SECTION 5.4. FAIR BUSINESS PRACTICES; POSTED RATES. (A) Fair Business Practices. The Company shall comply with all Applicable Law regarding trade and business.

(B) Posted Rate for Non Qualified City Waste. The Company shall provide the City with a posted rate for Non Qualified City Waste which posted rate may be charged by the Company in the event Non Qualified City Waste is admitted to the Landfill without being subject to a contract with the Company. Said posted rate may be set by the Company based on market factors.

SECTION 5.5. ACCOUNTING AND RECORDS. (A) Maintenance and Audit of Records. At any time during normal business hours upon twenty-four (24) hours prior notice to the Company and as often as the City reasonably deems it necessary during the term of this Agreement, the Company shall make available to the City Auditor for examination at reasonable locations within the City or County of San Diego proper, accurate and complete books, records and accounts regarding the financial or other transaction relating to the operation of the Landfill to the extent necessary to verify data with respect to the calculation or billing of the Contract Rate for Qualified City Waste or Biosolids or the calculation or payment of Facility Franchise Fees pursuant to the terms of this Agreement. In connection with such examination, the Company shall permit the City Auditor to audit, examine, and make excerpts or transcripts from such data and records, and to make audits of all invoices and such other data and media relating directly to the operation of the Landfill to the

extent necessary to verify data with respect to the calculation or billing of the Contract Rate for Qualified City Waste or Biosolids or the calculation or payment of Facility Franchise Fees pursuant to the terms of this Agreement. The cost of such audit shall be borne by the City, unless the audit reveals that the Company has either underpaid Franchise Fees by more than 5% in any Franchise Year or overbilled the Contract Rate by more than 5% in any Franchise Year, in which case the cost of the audit shall be borne by the Company. The Company shall maintain such data and records for a period of not less than three (3) years following the close of the applicable fiscal years of the Company on a rolling basis. To the extent permitted under Applicable Law, the City and the City Auditor shall keep in confidence and trust all information received from the Company in connection with any audit hereunder, and shall not disclose or use any such information unless required to do so under Applicable Law. Any material deemed confidential hereunder shall be returned to the Company or destroyed (with confirmation to the Company) within three years of such audit. In the event that the City receives a request from third parties for disclosure of information obtained from the Company pursuant to this Section, the City shall immediately notify the Company of such request and provide the Company with an opportunity to prevent the release of such information in accordance with the provisions of Applicable Law.

(B) City's Right to Obtain Copies of LEA Reports. The parties acknowledge that the Company must generate, and deliver to the LEA, periodic reports pertaining to the recycling and diversion of solid waste. Company waives any restriction which may prevent the City from obtaining copies of such reports directly from the LEA and shall not object to any request by the City to obtain such reports.

(C) Other Reports. The Company shall furnish the City with copies of all other reports submitted on behalf of the Company with respect to the Landfill in accordance with Applicable Law to other Regulatory Agencies (including but not limited to the LEA); provided, however, that if any particular reports exceed ten pages in length, the Company may merely provide the City with notice that such report was submitted, and provide a full copy of such report only upon request of the City.

SECTION 5.6. UNACCEPTABLE WASTE. (A) Generally. Neither the Company nor the City shall knowingly permit disposal at the Landfill of Unacceptable Waste. It is recognized that some

Unacceptable Waste may occasionally be unloaded at the Landfill Site by users thereof. In such an event, and when the Unacceptable Waste is subsequently discovered, the Company shall (or the Company shall cause the person delivering such Unacceptable Waste to remove, handle, transport and dispose the discovered Unacceptable Waste in accordance with Applicable Law.

(B) Load Check Program. The Company shall implement a load check program for detecting and preventing the disposal of Unacceptable Waste. Such load check program must meet the requirements of Applicable Law, and be no less stringent than the Waste Screening Protocol specified in Appendix G. Appendix G shall be updated periodically to reflect enhancements to the Company's standard waste screening methods and regulatory requirements.

(C) No Independent Liability. Notwithstanding the provisions of Sections 5.6(A) or (B), no provisions of this Agreement shall create any additional liability to third parties of, or recourse against, the Company beyond those contemplated by this Agreement and those generally applicable to an operator of a landfill pursuant to Applicable Law.

(D) Load Check Program Information. The Company shall maintain records of any load check programs and submit any reports to the appropriate governmental agency to the extent required by Applicable Law. Upon request of the City, the Company shall provide the City with copies of such reports and shall permit the City to review any logs relating to the implementation of the load check program.

SECTION 5.7. SPECIAL WASTE. (A) Generally. Within forty five days (45) days after the Contract Date, the Company shall provide a written description of Special Waste acceptance and disposal procedures. The written description shall include acceptance criteria for any Special Waste that the Company accepts for disposal; the related special handling procedures, if any, required by the nature of the Special Waste; and procedures for deterring the improper disposal of Special Waste. The Company shall provide an amended written description whenever any significant change in the procedures is made.

(B) Special Waste Information. Upon request of the City, the Company shall make available to the City the Company's logs relating to Special Waste acceptance.

ARTICLE VI
CONTRACT RATE

SECTION 6.1. CHARGING AND SECURING PAYMENT OF CONTRACT RATE. (A)

Generally. The City acknowledges that the Company shall have the right to charge and collect a Contract Rate for the acceptance and disposal of Qualified City Waste delivered to the Landfill and the South Bay Landfill by the City. The Contract Rate shall be calculated by the City and submitted for approval to the Company as provided in this Article VI.

(B) Initial Rate. Subject to the provisions of Sections 6.1(D), the Contract Rate payable by the City for Qualified City Waste accepted at the Landfill or the South Bay Landfill shall be Nineteen and 00/100 Dollars (\$19.00) per ton, subject to escalation as provided in Section 6.1(C).

(C) Escalation of the Initial Rate. The Contract Rate shall be adjusted in accordance with the formula described in this section each July 1 during the term hereof, commencing July 1, 2000. The adjustment shall be calculated in accordance with the following formula:

Contract Rate = [Base Rate + Governmental Fees]

Where,

Base Rate = [Base Rate (N-1)] + [Base Rate (N-1) x Index]. The Base Rate for the first Franchise Year shall be \$17.51.

Base Rate (N-1) = Base Rate for the Franchise year prior to the year in which the adjustment is being made.

Governmental Fees = (a) any per ton fee imposed by Governmental Bodies on the disposal of Qualified City Waste at the Landfill (which, as of the Contract Date, consists of a \$1.34 per ton fee payable to the Integrated Waste Management Board and \$.15 fee payable to the LEA), as such fee may be set from time to time by such Governmental Bodies or (b) any other or further fees, charges or assessments (other than any

fees, charges or assessments imposed as a result of the Company's failure to comply with Applicable Law) imposed by Governmental Bodies on solid waste disposal facilities generally (and which must be paid by the Company with respect to the Landfill, which shall be translated into a per ton amount by (x) multiplying the amount of such fees, charges or assessments payable in any Franchise Year by the percentage of total Acceptable Waste accepted at the Landfill in such Franchise Year represented by Qualified City Waste accepted at the Landfill in such Franchise Year and (y) dividing the resulting amount by the amount of Qualified City Waste accepted at the Landfill in such Franchise Year. In addition, with respect to Biosolids or Qualified City Waste disposed at the South Bay Landfill, then: (x) if the City elects in its discretion to utilize the South Bay Landfill then "Governmental Fees" shall include any amounts described in (a) or (b) above which are applicable to the South Bay Landfill; or (y) if the City utilizes the South Bay Landfill because the Company is unable to accept Qualified City Waste at the Landfill and directs the City to the South Bay Landfill, then "Governmental Fees" shall include any amounts described in (a) or (b) above which are applicable to the South Bay Landfill, but only to the extent that such amounts would be applicable if such Biosolids or Qualified City Waste were disposed at the Landfill.

Index = Price Index, which shall be determined in accordance with the following formula:

$$I = \frac{CPI_{(N)} - CPI_{(N-1)}}{CPI_{(N-1)}}$$

CPI_N = The Consumer Price Index, all Urban Consumers, Los Angeles/Riverside/Orange County, as published by the United States Department of Labor Statistics in the publication Consumer Price Indexes, Table 3, for the month of February, in the year the adjustment is being made (e.g., the first adjustment will use the February, 2000 value).

CPI_{N-1} = The Consumer Price Index, all Urban Consumers, Los Angeles/Riverside/Orange County, as published by the United States Department of Labor Statistics in the publication Consumer Price Indexes, Table 3, for the month of February in the year prior to the year in which the adjustment is being made (e.g., the first adjustment will use the February, 1999 value).

If the Consumer Price Index is no longer published, or is otherwise unavailable, then the escalation shall be determined by using such other index as the parties shall mutually agree. Within fifteen (15) days after the publication of the relevant Consumer Price Index for the month of February each year, the City shall prepare a calculation of the index to be used for purposes of this Section, and shall send a notice to the Company demonstrating such calculation and specifying the Contract Rate to be applicable commencing on July 1 of such Franchise Year. If the Company disputes the City's calculations, it shall notify the City of such dispute within fifteen (15) days after receipt of the City's notice. In such event, the City and the Company shall meet and confer as soon as practicable thereafter to resolve such dispute.

(D) City Right to Seek Lower Cost Disposal Options: Company's Right of First Refusal.

Notwithstanding Section 6.1(C) hereof, in the one year period prior to the date of the Miramar Landfill Closure (as reasonably anticipated by the City), and every five (5) years thereafter, the City shall have the right, in its sole discretion, to solicit proposals, bids or offers from Qualified Alternate Solid Waste Management Facilities

for the disposal of Qualified City Waste. The City may only accept a bid, proposal or offer from a Qualified Alternate Solid Waste Management Facility which (i) is lower in cost on an All-Inclusive Bid basis; (ii) is bona fide and made in good faith; (iii) contains a scope of services, safety and operational standards reasonably similar to those contemplated herein (excluding Biosolids Services); and (iv) has a term of at least five years. In the event that the City receives a bid, proposal or offer meeting the requirements of the preceding sentence, and desires to accept such bid, proposal or offer, it shall provide the Company written notice thereof of its intent to provisionally accept such a bid not less than six (6) months before the expiration of the applicable five (5) year period, which notice shall contain the specifications of such lower bid, proposal or offer. Within thirty (30) days after receipt of the City's notice, the Company shall have the exclusive right to match the bid, proposal or offer and to continue to accept deliveries of Qualified City Waste at the lower fee specified in such bid, proposal or offer (the "Adjusted Contract Rate"). In the event that within such 30 day period after notice, the Company elects not to accept Qualified City Waste at the Adjusted Contract Rate, the City's obligation to deliver Qualified City Waste to the Landfill or the South Bay Landfill shall terminate at the end of the then-applicable five (5) year term (subject to reinstatement pursuant to Section 6.1(E)).

In the event that the Company believes that the bid, proposal or offer identified in the notice from the City does not comply with the requirements of any of clauses (i) through (iv) above, it shall so notify the City within the 30 day period following receipt of the City's notice and may provisionally match the bid, proposal or offer, during the pendency of such dispute. During the pendency of such dispute, the City shall pay the Adjusted Contract Rate. In the event that the Company prevails in such dispute, the City shall be obligated to reimburse the Company an amount equal to the difference between the aggregate of the Adjusted Contract Rate paid by the City during the pendency of the dispute and the amount that the aggregate Contract Rate would have been had it applied during the pendency of the dispute. The parties agree that they shall use their best efforts to expedite the resolution of any dispute pursuant to this Section.

(E) Reinstatement of Deliveries to the Landfill. In the event that the City utilizes a Qualified Alternate Solid Waste Management Facility pursuant to Section 6.1(D), the City shall have the right, but not

the obligation, to reinstate deliveries of Qualified City Waste to the Landfill (a "Reinstatement Event") at any time thereafter. In the event that the City elects to reinstate deliveries pursuant to this Section, it shall provide the Company with eighteen months' prior written notice thereof. Any such reinstated deliveries shall be on the same terms and conditions specified in this Agreement for a period not less than five years, including but not limited to the Contract Rate (as escalated in accordance with Section 6.1 through the term of the Agreement).

(F) Contract Rate After The Miramar Landfill Closure During Period Which is Not During Guaranteed Acceptance Period. At any time following City's election to contract with a Qualified Alternate Solid Waste Management Facility pursuant to Section 6.1(D) of this Agreement and until a Reinstatement Event occurs, if at all, the Contract Rate shall be equal to (i) the then posted tipping rate at the Landfill or (ii) a rate to be negotiated based upon the quantity of tonnage to be delivered.

SECTION 6.2. BILLING OF DISPOSAL FEES. (A) Monthly Billing Statements for Qualified City Waste Delivered by the City. For each month during which the City delivers Qualified City Waste to the Landfill, the Company shall render a Billing Statement to the City by the 20th day of the following month, which Billing Statement shall set forth an itemized description of each transaction involving Qualified City Waste during the prior calendar month, in a form reasonably acceptable to the Director. The amount payable by the City pursuant to such Billing Statement shall be equal to either (i) the total number of Tons of Qualified City Waste delivered, as evidenced by the Company records, multiplied by the Contract Rate, as defined in Section 6.1 hereof, or (ii) in the event that the provisions of Section 6.1(D) are applicable, the total number of Tons of Qualified City Waste delivered multiplied by such Adjusted Contract Rate. The City shall pay the undisputed amount indicated on the monthly Billing Statement due to the Company within thirty days (30) days of the date of receipt of such Billing Statement. Any undisputed amounts not so paid shall thereafter accrue interest at the Overdue Rate.

(B) Rebates for Qualified City Waste Delivered by Private Haulers. In the event that private haulers deliver Qualified City Waste to the Landfill, the Company shall be entitled to charge such private haulers, the then generally applicable market rate tipping fee for the use of the Landfill, and the City shall have

no responsibility with respect to the payment of such tipping fees. However, for all tons of Qualified City Waste delivered to the Landfill on a Full Load Basis and paid for by such private haulers, the City shall have the right to a rebate equal to the difference between (x) the per ton amount actually paid to the Company by the private haulers delivering Qualified City Waste and (y) the Contract Rate. The City shall provide the Company with a monthly invoice containing the amount of qualified rebate claimed by the City, which invoice shall include substantiation of the amounts claimed, including copies of invoices from such private haulers to the City for the Qualified City Waste disposed at the Landfill by such private haulers. The City and the Company shall work cooperatively to develop a mutually acceptable system to identify private haulers delivering loads of Qualified City Waste, which may (but is not required to) consist of a coupon system similar to the system used by the City to identify loads of Navy Waste delivered to the Miramar Landfill. The Company shall pay such invoice within thirty (30) days after receipt from the City. Any unpaid amounts thereafter accrue interest at the Overdue Rate.

(C) Billing Estimates and Adjustments. To the extent that, any other item in any Billing Statement cannot be accurately determined at the Billing Statement Date, such item shall be billed on a good faith estimated basis reflecting actual operating experience and reasonable projections for the balance of the Franchise Year, and an adjustment shall be made to reflect the difference between such estimated amount and the actual amount of such item on the Billing Statement next following the date on which the Company learns the exact amount of such item.

SECTION 6.3. BILLING DISPUTES. If the City disputes any amount billed by the Company in any Billing Statement, the City shall pay that portion of the billed amount contained in such Billing Statement which is not in dispute and shall provide the Company with written objection within thirty (30) days of the receipt of such Billing Statement indicating the portion of the billed amount that is being disputed and providing all reasons then known to the City for its objection to or disagreement with such amount. The City may not offset amounts owed pursuant to a non-disputed Billing Statement against amounts which the City otherwise claims is owed to the City by the Company. If the City and the Company are not able to resolve such

dispute within thirty (30) days after the City's objection, either party may refer such dispute to non-binding mediation pursuant to Section 9.14 hereof. If any such amount is adjusted in the Company's favor pursuant to agreement, mediation or otherwise, the City shall pay the amount of such adjustment to the Company, with interest thereof at the Overdue Rate from the date such disputed amount was due the Company to the date of payment in full of such amount. Nothing contained in this subsection shall limit the authority of any authorized officer of the City to raise a further objection to any amount billed by the Company pursuant to an audit conducted pursuant to this Agreement. Generally, objections may not date back further than three years; provided, however, that if any objections are related to an ongoing pattern of fraud or overbilling of the Contract Rate, the objection period shall not be limited to such three year period. During the pendency of any dispute between the parties hereunder, the Company shall continue to perform its obligations hereunder (including the acceptance of Qualified City Waste), and the City shall pay any undisputed amounts.

**ARTICLE VII
FACILITY FRANCHISE FEE**

SECTION 7.1. FACILITY FRANCHISE FEE.

(A) Intentionally Deleted.

(B) Facility Franchise Fee In Certain Circumstances. Commencing on the earlier to occur of (i) July 1, 2004 or (ii) the first day of the Franchise Year which begins immediately following the Expansion Date, the Company shall be obligated to pay the City a quarterly Franchise Fee calculated in accordance with this Section. The quarterly Franchise Fee shall be equal to (a) the total number of Total Quarterly Franchise Fee Tons multiplied by (b) the Per-Ton Franchise Fee Rate as described below.

For purposes of this Section, "Total Quarterly Franchise Fee Tons" shall be equal to (x) the gross number of Tons of Acceptable Waste disposed at the Landfill in any quarter less (y) Tons relating to (i) Biosolids collected by the Company in accordance with Section 4.2, (ii) Qualified City Waste, and (iii) waste

[Remainder of page intentionally left blank]

collected or accepted pursuant to Section 5.3(J) which is disposed at the Landfill, and less (z) all other City Waste which is disposed at the Landfill during such quarter.

The "Per-Ton Franchise Fee Rate" (which shall be a dollar amount) shall be the Average Disposal Rate multiplied by the percentage corresponding to such Average Disposal Rate in the table below:

Average Disposal Rate (per ton)	Percentage
\$ 0.01 - \$30.00	12%
\$30.01 - \$40.00	13%
\$40.01 - \$50.00	14%
Greater than \$50.00	15%

The "Average Disposal Rate" for any quarter shall be calculated by dividing (x) gross revenues of the Company relating to Average Waste Tonnage accepted by the Company at the Landfill during such quarter by (y) Average Waste Tonnage accepted by the Company at the Landfill during such quarter; provided, however, that in no event shall the Average Disposal Rate be less than the then-current Contract Rate.

"Average Waste Tonnage" during any quarter shall be all waste accepted during such quarter less (I) Qualified City Waste and Biosolids accepted at the Landfill in accordance with Section 4.2 and (II) waste delivered by or attributable to affiliates or related companies of the Company.

(C) Facility Franchise Fee in Certain Circumstances. Upon the date on which the City no longer accepts at the Miramar Landfill any Acceptable Waste other than Qualified City Waste, Navy Waste and Self-Hauled Waste, the Facility Franchise Fee payable by the Company shall be calculated in accordance with Section 7.1(B) above, provided however that for the purpose of calculating the Total Quarterly Franchise Fee Tons in such circumstances, "Total Quarterly Franchise Fee Tons" shall be equal to (x) the gross number of Tons of Acceptable Waste disposed at the Landfill less (i) Biosolids collected by the Company in accordance with Section 4.2, (ii) Qualified City Waste accepted at the Landfill or the South Bay Landfill and (iii) waste collected or accepted pursuant to Section 5.3(J) which is disposed at the Landfill. All other City Waste which is disposed at the Landfill during such quarter shall be counted toward Total Quarterly Franchise Fee Tons in such circumstances.

(D) Facility Franchise Fee In the Event City Owns Landfill. The City has reserved the unconditional right to own, or participate in the ownership of an alternate disposal facility in accordance with Section 4.5 hereof. In the event the circumstances described in Section 4.5 should occur, and the alternate disposal facility accepts deliveries of Commercial Waste, then the Facility Franchise Fee which the Company shall be obligated to pay to the City shall be calculated in accordance with subsection 7.1(B) hereof.

(E) Facility Franchise Fee During Period When City Contracts with Qualified Alternate Solid Waste Management Facility. At any time after the Miramar Landfill Closure, upon City's election to utilize a Qualified Alternate Solid Waste Management Facility pursuant to Section 6.1(D) of this Agreement and until a Reinstatement Event occurs, if at all, then the Facility Franchise Fee shall be calculated in accordance with Section 7.1(B) hereof.

(F) Payment of the Facility Franchise Fee Pursuant to Sections 7.1(B), (C), (D) or (E). During periods when the Facility Franchise Fee is calculated pursuant to Sections 7.1(B) (C), (D) or (E) the Facility Franchise Fee shall be payable in arrears within thirty days after the end of each quarter. The Company shall provide with each payment its calculation of all of the components of the Facility Franchise Fee, including Total Quarterly Franchise Fee Tons, total tons accepted, the Average Disposal Rate, Average Waste Tonnage and Per-Ton Franchise Fee. In the event that the Company fails to pay the Facility Franchise Fee when due, it shall accrue interest at the Overdue Rate from the date due until paid.

(G) Company Provision of Certain Reports. The Company shall also submit to the City by the 20th day following each quarter a quarterly tonnage report which contains the following information concerning such quarter: total number of tons disposed at the Landfill; tons of Qualified City Waste disposed at the Landfill; tons of Non-Qualified City Waste disposed at the Landfill; tons of City Waste and Non-City Waste disposed at the Landfill (which shall be broken down by hauler). In preparing such report, the Company may rely on information provided by persons disposing waste at the Landfill. The Company shall have no obligation to verify such information.

SECTION 7.2. LEGALITY OF PAYMENTS. The Company shall continue to make payments to the City pursuant to this Article VII, even in the event any State or federal law is enacted, or any decisions of courts with applicable jurisdiction are issued, which would permit the Company to avoid or reduce the amount of payments required to be made to the City as set forth in Section 3.4 or 7.1 hereof. The Company agrees that it shall not challenge (or provide funds or other support to any challenge to) the City's ability to impose or receive such fees from the Company. In the event that the Company is precluded by Applicable Law to pay any of the fees to the City as described in this Agreement, the limitation imposed on the City to Section 7.3 shall not be applicable to any City fees (which would otherwise be prohibited by Section 7.3) which are imposed by the City in an amount up to amount of fees which the Company is precluded by Applicable Law from making.

SECTION 7.3. CITY FEES. (A) Generally. To the extent permitted by law, the City will not impose any fees on Acceptable Waste accepted at the Landfill except for the Facility Franchise Fee as described herein, provided that the foregoing limitation does not apply to fees of any type imposed now or in the future on franchise haulers and other haulers in the City (including the Company to the extent acting as a hauler if applicable) relating to Acceptable Waste collected by such haulers or otherwise. In addition, the City shall not be precluded from imposing on the Company (i) any taxes, fees or charges generally imposed on businesses in the City on a uniform basis or (ii) any reasonable costs of mitigation or monitoring identified in the CUP process or in the course of other regulatory approvals. In addition, this Section shall not prohibit the LEA from imposing fees in accordance with Applicable Law.

(B) Non-Refundable Deposit Under Interim Agreement. The Parties acknowledge that the non-refundable deposit paid by the Company to the City pursuant to the Interim Agreement will not constitute a credit against any amounts owed and payable hereunder and that payment of such non-refundable deposit was made in order to satisfy the Company's separate and independent obligations to the City under the Interim Agreement.

ARTICLE VIII
BREACH, ENFORCEMENT AND TERMINATION; PURCHASE OPTION

SECTION 8.1. BREACH. If the City breaches any obligation under this Agreement or any representation made by it hereunder is untrue in any material respect, the Company shall have the right to take any action at law or in equity (including actions for injunctive relief, mandamus and specific performance) it may have to enforce the payment of amounts due or the performance of any obligations to be performed hereunder. If the Company breaches any obligation under this Agreement or any representation made by it hereunder is untrue in any material respect, the City shall have the right to take any action at law or in equity (including actions for injunctive relief, mandamus and specific performance) it may have to enforce the payment of any amounts due or the performance of any obligations to be performed hereunder. Neither party shall have the right to terminate this Agreement except as provided in Section 8.2 hereof.

SECTION 8.2. TERMINATION. (A) By the Company. The Company shall have no right to terminate this Agreement for cause except in the event of the repeated failure or refusal by the City substantially to perform any material obligation under this Agreement unless such failure or refusal is excused by an Uncontrollable Circumstance; except that no such failure or refusal shall give the Company the right to terminate this Agreement for cause under this subsection unless:

(1) The Company has given prior written notice to the City stating that a specified failure or refusal to perform exists which will, unless corrected, constitute a material breach of this Agreement on the part of the City and which will, in its opinion, give the Company the right to terminate this Agreement for cause under this Section 8.2(A)(1) unless such breach is corrected within a reasonable period of time, and

(2) The City has neither challenged in an appropriate forum the Company's conclusion that such failure or refusal to perform has occurred or constitutes a material breach of this Agreement nor corrected or diligently taken steps to correct such breach within a reasonable period of time but not more than 90 days from the date of the notice given pursuant to clause (1) of this subsection (but

if the City shall have diligently taken steps to correct such breach within a reasonable period of time, the same shall not constitute a breach giving rise to the right of termination for as long as the City is continuing to take such steps to correct such breach).

(B) By the City. The City shall have no right to terminate this Agreement for cause except (i) in the event of the repeated failure or refusal by the Company substantially to perform any material obligation under this Agreement unless such failure or refusal is excused by an Uncontrollable Circumstance or (ii) failure or refusal by the Guarantor to perform any material obligation under the Guaranty Agreement; except that no such failure or refusal shall give the City the right to terminate this Agreement for cause under this subsection unless:

(1) The City has given prior written notice to the Company stating that a specified failure or refusal to perform exists which will, unless corrected, constitute a material breach of this Agreement on the part of the Company and which will, in its opinion, give the City the right to terminate this Agreement for cause under this Section 8.2(B) unless such breach is corrected within a reasonable period of time, and

(2) The Company has neither challenged in an appropriate forum the City's conclusion that such failure or refusal to perform has occurred or constitutes a material breach of this Agreement nor corrected or diligently taken steps to correct such breach within a reasonable period of time but not more than 90 days from the date of the notice given pursuant to clause (1) of this subsection (but if the Company shall have diligently taken steps to correct such breach within a reasonable period of time, the same shall not constitute a breach giving rise to the right of termination for as long as the Company is continuing to take such steps to correct such breach).

For purposes of this Section, in the event that the Guarantor fails or refuses to perform any material obligation under the Guaranty Agreement, the Company may cure such failure or refusal by providing alternate financial assurances to the City (in terms of the nature of the assurances and financial ability of the party providing such assurances).

SECTION 8.3. WAIVER. Unless otherwise specifically provided by the terms of this Agreement, no delay or failure to exercise a right resulting from any breach of this Agreement will impair such right or shall be construed to be a waiver thereof, but such right may be exercised from time to time and as often as may be deemed expedient. Any waiver must be in writing and signed by the party granting such waiver. If any covenant or agreement contained in this Agreement is breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and will not be deemed to waive any other breach under this Agreement.

SECTION 8.4. PURCHASE OPTIONS. (A) Right of First Refusal. The City shall have the right of first refusal with respect to any contemplated sale of the Landfill by the Company as a single asset to any third party which is not an affiliate or subsidiary of the Company. The Company reserves the right to provide to any prospective purchaser with a Breakup Fee to encourage their participation in the prospective sale of the Landfill. The Company shall provide the City with at least 90 days prior written notice of any contemplated sale of the Landfill. Such notice shall specify: (i) the name of the purchaser; (ii) the contemplated date of the sale; (iii) the amount of the purchase price (including the portion thereof to be paid in cash and the portion thereof to be financed); (iv) the due diligence period; and (v) any insurance and indemnity provisions. In the event that the City elects to exercise its purchase option pursuant to this Section, it shall notify the Company at least thirty (30) days prior to the sale date identified in the Company's notice. If the City elects to exercise its purchase option, such option shall be on substantially the same terms and conditions as offered to the Company by the third party. In the event that the City purchases the Landfill pursuant to this Section, (i) the provisions of Section 8.4(C) below shall apply and (ii) the City shall be required to pay the Breakup Fee to the purchaser whose offer it matched.

(B) Procedure for Exercise of Rights. If the City elects to exercise its option to purchase the Landfill pursuant to this Section, the closing shall occur on a date six months from the date of notice received from the City. Upon the closing of the purchase, this Agreement shall terminate.

(C) Obligations on Purchase. Upon a purchase of the Landfill by the City under any provision hereof, the Company at its cost and expense shall on or as of the closing date:

(1) promptly take all reasonable action as necessary to protect and preserve all materials, equipment, tools, facilities and other property in a manner consistent with normal operations;

(2) clean the Landfill in accordance with standard operating procedures, and leave the same in a neat and orderly condition;

(3) promptly remove all employees of the Company and any Subcontractors and vacate the Landfill;

(4) unless the City directs otherwise, terminate all Subcontracts and make no additional agreements with Subcontractors;

(5) convey to the City all of its right, title and interest in the Landfill and any reserves for closure and post closure maintenance;

(6) transfer to the City all plans, records of operation and maintenance and other documents and records necessary to properly operate and maintain the Landfill;

(7) assign or transfer, to the extent permissible, all Permits with respect to the Landfill; and

(8) take such other commercially reasonable actions, and execute such other documents, as may be reasonably necessary to effectuate and confirm the foregoing matters, or as may be otherwise necessary or desirable to minimize the City's costs, and take no action which will increase any amount payable by the City under this Agreement.

SECTION 8.5. FUNDING OF CLOSURE/POST-CLOSURE COSTS. The Company acknowledges that it is solely responsible for (i) the appropriate closure and post-closure maintenance of the Landfill and (ii) the establishment and funding of any reserve funds required by Applicable Law for the purpose of providing funds for the payment of costs of closure of the Landfill (or any cell within) or post-closure maintenance relating to the Landfill. Without limitation, in no event shall the City be responsible for paying any deficiencies in such required reserves. In addition, the City shall have no responsibility to make any

payments in the event that actual closure and post-closure costs relating to the Landfill exceed the amounts reserved by the Company for such purpose.

ARTICLE IX
MISCELLANEOUS

SECTION 9.1. TERM OF AGREEMENT; SURVIVAL OF CERTAIN PROVISIONS.

(A) Term. This Agreement shall be in full force and effect and be legally binding upon the Company and the City from the date of the execution and delivery hereof, and shall continue in full force and effect until the earlier to occur of (i) the permanent closure of the Landfill or (ii) the sale of the Landfill by the Company (subject to the requirements of Section 9.7(C) (including the requirement that any purchaser of the Landfill execute a Facility Franchise Agreement substantially similar to this agreement) and of Section 9.1(B).

(B) Survival; Accrued Rights. The rights and obligations of the parties hereto pursuant to Sections 8.1, 8.2, 8.5, 9.2, 9.7, 9.11, 9.12 and 9.21 hereof shall survive the termination or expiration of this Agreement, and no such termination or expiration shall limit or otherwise affect the respective rights and obligations of the parties hereto accrued prior to the date of such termination or expiration. At the end of the Term of this Agreement, all other obligations of the parties shall terminate.

SECTION 9.2. FINANCIAL ASSURANCES. The Company shall deliver to the City prior to or concurrently with the execution of this Agreement an irrevocable and unconditional guaranty of the performance of this Agreement executed by the Guarantor substantially in the form set forth in Appendix E.

SECTION 9.3. INSURANCE. (A) Generally. The Company shall maintain or cause to be maintained commercial liability insurance with respect to the Landfill in amounts specified in Appendix C and shall name the City as an additional insured on such insurance. The Company shall furnish the City, upon request, with appropriate certificates of insurance evidencing such coverage or other appropriate proof of insurance.

(B) Environmental Insurance. Prior to the Contract Date, the Company will obtain insurance for potential CERCLA or other environmental liability of the Landfill in an amount at least equal to \$3,000,000, with a deductible not to exceed \$1,000,000. The Company shall maintain comparable insurance

throughout the term hereof so long as commercially available on reasonable terms, as determined in the reasonable discretion of the Company risk manager. The Company shall notify the City in the event that the Company does not maintain the insurance described in this Section 9.3(B). The Company shall furnish the City, upon request, with appropriate certificates of insurance evidencing such coverage.

SECTION 9.4. AMENDMENTS. Neither this Agreement nor any provision hereof may be changed, modified, amended or waived except by written agreement duly executed by both parties.

SECTION 9.5. NOTICE OF THIRD PARTY LITIGATION. Each party shall deliver written notice to the other of any litigation or similar proceeding to which it is a party and which questions the validity or enforceability of this Agreement or any other contract or agreement executed by the Company or the City or any regulatory license, permit or approval issued in connection herewith.

SECTION 9.6. FURTHER ASSURANCES. At any and all times the Company and the City so far as may be authorized by law shall pass, make, do, execute, acknowledge and deliver any and every such further resolutions, acts, deeds, conveyances, instruments, assignments, transfers and assurances as may be necessary or reasonably requested by the other in order to give full effect to this Agreement.

SECTION 9.7. ASSIGNMENT AND TRANSFER OF FRANCHISE: SALE OF LANDFILL. (A) Consent of City Required. Subject to Section 9.9(B), this Agreement shall not be transferred, sold, pledged, hypothecated, leased, or assigned, nor shall any of the rights or privileges herein be transferred, sold, pledged, hypothecated, leased or assigned, either in whole or in part, nor shall title hereto or thereto, either legal or equitable, or any right, interest, or property herein or therein, pass to or vest in any person, except the Company, either by action or inaction of the Company or by operation of law, without the prior written consent of the City, which shall not be unreasonably withheld, conditioned or delayed. The Company shall provide written notice of any request to assign or transfer this Agreement, and shall provide the City with any information requested by the City in connection with the proposed transfer. The City shall respond to any such request within sixty (60) days after receipt of any information requested by the City.

pursuant to the preceding sentence. Any attempt by the Company to effectuate any of the foregoing without the consent of the City provided herein shall be null and void.

(B) Imposition of Conditions. Any transfers or assignments of this Agreement or the Company's interest in the Landfill shall be subject to the requirements of the City Code. In addition, the City may impose reasonable conditions and restrictions on any approval it may elect to give of any transaction described in this Section; provided, however, that the City may not impose fees as a condition of such approval other than such fees provided herein. Such conditions may include a requirement that the transferee or assignee provide financial assurances of its ability to perform its obligations under the new facility franchise agreement, which financial assurances shall be substantially similar (in terms of the nature of the assurances and the financial ability of the party providing such assurances) to the financial assurances represented by the Company's obligations hereunder and the obligations of Allied Waste Industries, Inc. pursuant to the Guaranty Agreement.

(C) Sale of the Landfill. Any sale, transfer, mortgage or encumbrance of the Landfill, or any interest therein, by the Company shall be subject to the following requirements: (i) with respect to a sale of the Landfill, the City shall have the right of first refusal to purchase the Landfill or interest therein in accordance with Section 8.4; and (ii) as a condition of closing, any purchaser of the Landfill shall be required to execute a separate Facility Franchise Agreement, on the same terms and conditions as set forth herein and provide the financial assurances described in Section 9.7(B).

SECTION 9.8. ASSIGNMENT OF AGREEMENT BY THE CITY. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by the City without the prior written consent of the Company, which may not be unreasonably withheld. Notwithstanding the foregoing, the City may assign this Agreement to another public entity, or Joint Powers Authority subject to the reasonable consent of the Company. In such circumstances the Company shall have the right to demand assurances of the financial, technical and legal ability of the proposed assignee to undertake the responsibilities and obligations of the City.

SECTION 9.9. MAINTENANCE OF CORPORATE EXISTENCE; CONSOLIDATIONS

OR CHANGES IN CONTROL. (A) Maintenance of Corporate Existence. Subject to the Company's rights under Section 9.9(B), the Company covenants that during the Term of this Agreement it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not take any action in connection with its corporate existence which would materially impair the ability of the Company to meet its obligations under this Agreement.

(B) Consolidation, Merger, Sale, Transfer and Change in Control. The Company shall not consolidate with or merge with another entity, or permit one or more other entities to consolidate with or merge into it unless the net worth of the successor company upon such consolidation, merger or acquisition, calculated in accordance with generally accepted accounting principles, is not less than the net worth of the Company immediately prior to such consolidation or merger. No such merger or consolidation shall reduce any of the obligations of Allied Waste Industries, Inc. pursuant to the Guaranty Agreement.

SECTION 9.10. PAYMENT OF CERTAIN COSTS BY COMPANY. If the Company requests the consent of the City for any transaction described in Section 9.7 hereof, the Company shall reimburse the City for all costs and expenses incurred by the City in reviewing, examining and analyzing the request, including all direct and indirect administrative expenses of the City and consultants and attorneys' fees and expenses actually paid, up to a maximum reimbursable amount of \$50,000 (as such amount is escalated using the methodology described in Section 6.1 for the Contract Rate). Invoices shall be supported with evidence of the expense or cost incurred. The Company shall pay such invoices within thirty (30) days of receipt, after which date they shall accrue interest at the Overdue Rate.

SECTION 9.11. INDEMNIFICATION. (A) By the Company. The Company shall defend, indemnify and hold harmless the City and its representatives, officers, employees and subcontractors (as applicable in the circumstances), (the "City Indemnified Parties") from and against (and pay the full amount of) all Loss-and-Expenses for personal injury to, or death of, any person, or loss or damage to property to the extent arising out of (1) the negligence or intentional conduct of the Company or any of its officers, members,

employees, agents, representatives or Subcontractors in connection with its obligations or rights under this Agreement, (2) the disposal of Qualified City Waste or any other materials accepted by the Company at the Landfill or any other location, pursuant to this Agreement, or (3) any breach by the Company of its obligations hereunder. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel reasonably approved by the City Indemnified Parties), even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties, or other sums due against such indemnified persons. The City, in its sole discretion, may participate in any such defense, provided that the City's defense is in good faith and paid for by the City. The City's participation does not relieve the Company of its obligations under this Agreement unless the City releases the Company in writing from all or part of its obligations. A City Indemnified Party shall promptly notify the Company of the assertion of any claim against it for which it is entitled to be indemnified hereunder, shall give the Company the opportunity to defend such claim, and shall not settle the claim without the approval of the Company. The provisions of this subsection shall survive termination or expiration of this Agreement. Notwithstanding any provisions of this Agreement to the contrary, the indemnification obligations of the Company specified in this Section 9.1(A) shall not apply to any City Indemnified Parties to the extent that any losses, costs, damages or claims for liability arise from the active negligence, established sole negligence or sole willful misconduct of any such City Indemnified Party.

(B) By the City. To the extent permitted by law, the City shall defend, indemnify and hold harmless the Company and its representatives, officers, employees and subcontractors (as applicable in the circumstances), (the "Company Indemnified Parties") from and against (and pay the full amount of) all Loss-and-Expenses for personal injury to, or death of, any person, or loss or damage to property arising out of (1) the negligence or intentional conduct of the City or any of its officers, members, employees, agents, representatives or Subcontractors in connection with its obligations or rights under this Agreement, or (2) any breach by the City of its obligations hereunder. The Company, in its sole discretion, may participate in any

defense relating to such action, provided that the Company's defense is in good faith and paid for by the Company. The Company's participation does not relieve the City of its obligations under this Agreement unless the Company releases the City in writing from all or part of its obligations. A Company Indemnified Party shall promptly notify the City of the assertion of any claim against it for which it is entitled to be indemnified hereunder, shall give the City the opportunity to defend such claim, and shall not settle the claim without the approval of the City. The provisions of this subsection shall survive termination or expiration of this Agreement. Notwithstanding any provisions of this Agreement to the contrary, the indemnification obligations of the City specified in this Section 9.1(B) shall not apply to any Company Indemnified Parties to the extent that any losses, costs, damages or claims for liability arise from the active negligence, established sole negligence or sole willful misconduct of any such Company Indemnified Party.

(C) CERCLA. Without limiting the generality of the foregoing, the Company shall defend, indemnify and hold harmless any City Indemnified Parties from and against all Loss-and-Expense, including natural resource damages, injuries, costs, response, assessment, remediation and removal costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties and expenses (including but not limited to reasonable attorneys' and expert witness fees and costs incurred in connection with defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by, or asserted against, the City Indemnified Parties to the extent arising from or attributable to any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial, response, closure or other plan or replacement or restoration of natural resources at the Landfill, the South Bay Landfill and any other alternate disposal facility utilized by the Company pursuant to any provision of this Agreement, or the Company's activities which result in a release or threatened release of Hazardous Materials into the environment. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel reasonably approved by the City Indemnified Parties), and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties, or other sums due against such

indemnified persons. The City, in its sole discretion, may participate in any such defense, provided that the City's defense is in good faith and paid for by the City. The City's participation does not relieve the Company of its obligation under this Agreement unless the City releases the Company in writing form all or part of its obligations. A City Indemnified Party shall promptly notify the Company of the assertion of any claim against it for which it is entitled to be indemnified hereunder, shall give the Company the opportunity to defend such claim and shall not settle the claim without the approval of the Company. These indemnification provisions are for the protection of the City Indemnified Parties only and shall not establish, of themselves, any liability to third parties. The provisions of this subsection shall survive termination or expiration of this Agreement. Notwithstanding any provisions of this Agreement to the contrary, the indemnification obligations of the Company set forth above shall not apply to any City Indemnified Parties to the extent that any losses, costs, damages or liability arises from the negligence or intentional conduct of any such City Indemnified Party. The foregoing indemnity is intended to operate as an agreement pursuant to CERCLA, 42 U.S.C. Section 9607 (e) and California Health and Safety Code Section 25364, to defend, protect, hold harmless the City Indemnified Parties from liability.

SECTION 9.12. UNCONTROLLABLE CIRCUMSTANCES. (A) Performance Excused.

Except as otherwise specifically provided in this Agreement, neither the Company nor the City shall be liable to the other for any failure or delay in the performance of any obligation under this Agreement (other than any payment at the time due and owing) to the extent such failure or delay is due to the occurrence of an Uncontrollable Circumstance.

(B) Notice, Mitigation. The party experiencing an Uncontrollable Circumstance shall notify the other party by telecommunication or telephone and in writing, on or promptly after the date the party experiencing such Uncontrollable Circumstance first knew of the commencement thereof, followed within fifteen (15) days by a written description of (1) the Uncontrollable Circumstance and the cause thereof (to the extent known), and (2) the date the Uncontrollable Circumstance began and the cause thereof, its estimated duration, the estimated time during which the performance of such party's obligations hereunder will be

delayed. Each party shall provide prompt written notice of the cessation of such Uncontrollable Circumstance. Whenever such act, event or condition shall occur, the party claiming to be adversely affected thereby shall, as promptly as reasonably possible, use its best efforts to eliminate the cause therefor, reduce costs and resume performance under this Agreement.

SECTION 9.13. BINDING EFFECT. This Agreement shall bind and inure to the benefit of the parties hereto and any successor or assignee acquiring an interest hereunder consistent with the provisions of Section 9.8 hereof.

SECTION 9.14. FORUM FOR DISPUTE RESOLUTION. It is the express intention of the parties that all legal actions and proceedings related to this Agreement or to any rights or any relationship between the parties arising therefrom shall be solely and exclusively initiated and maintained in the Court with the appropriate jurisdiction located in the County of San Diego.

SECTION 9.15. NON-BINDING MEDIATION. Prior to commencing litigation pursuant to Section 9.14, either party hereto may give the other party written notice of any dispute with respect to the performance or payment of any obligation hereunder. Such notice shall specify a date and location for a meeting of the parties hereto at which such parties shall attempt to resolve such dispute. The cost of such mediation shall be shared equally by the parties. In the event that such dispute cannot be resolved by the parties hereto within thirty (30) days, either party can commence litigation pursuant to Section 9.14.

SECTION 9.16. ACTIONS OF THE CITY IN ITS GOVERNMENTAL CAPACITY. Nothing in this Agreement shall be interpreted as limiting the rights and obligations of the City in its governmental or regulatory capacity.

SECTION 9.17. COMPLIANCE WITH CITY'S EQUAL OPPORTUNITY CONTRACTING PROGRAM. The Company will comply with the City's Council Ordinance No. 18173, Section 22.2701, Title VII of the Civil Rights Act of 1964, as amended, Executive Orders 11246, 11375, and 12086, the California Fair Employment and housing Act, Sections 12920-12921, and any other applicable Federal and State laws and regulations hereafter enacted. The Company will not discriminate against any

employee or applicant for employment based on race, religion, color, ancestry, age, gender, sexual orientation, disability, medical condition, or place of birth.

(A) Municipal Code Section 22.2704 Clause. The following clause is included in this Agreement pursuant to the requirements of San Diego Municipal Code Section 22.2704, and is binding upon the Parties. The Company will not discriminate against any employee or applicant for employment on any basis prohibited by law. The Company shall provide equal opportunity in all employment practices. The Company shall ensure that all Subcontractors comply with the City of San Diego's Equal Employment Opportunity Program. Nothing in this Section shall be interpreted to hold the Company liable for any discriminatory practices of its Subcontractors.

(B) Workforce Reports. Upon request by the City of San Diego, the Company shall submit a current workforce report, and if required, an equal opportunity plan which sets forth the action that the Company will take to achieve the City's goals for the employment of African American, American Indians, Asians, Filipinos, Latinos, women, and people with disabilities.

(C) Subcontracting Clause. Further, the Company shall cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that such provisions will be binding upon each Subcontractor.

(D) Failure to Comply. The Company understands that failure to comply with the above requirements and/or submitting false information in response to these requirements may result in termination of this Agreement and debarment from bidding on City contracts for a period of not less than one year.

(E) Equal Employment Opportunity Declaration. The Company has received, read, and understands the Equal Opportunity Contracting Information Packet, including City of San Diego Municipal Code Chapter II, Article 2, Division 27 (Equal Employment Opportunity Plan) as required by the City of San Diego Municipal Code section 22.2705.

(F) Company's Operational Manual. Without otherwise reducing its obligations under this Section, the Company shall ensure compliance with the provisions relating to equal opportunity and employment set forth in the Company's Operational Manual.

(G) No Violation of Applicable Law. Notwithstanding anything contained in this Section 9.17 to the contrary, the Company shall have no obligation to comply with any provision contained in this Section 9.17 to the extent the same may be prohibited under Applicable Law or any other law, court decision or interpretation thereof.

SECTION 9.18 DRUG-FREE WORKPLACE. The Company agrees to comply with the City's Drug Free Workplace requirements set forth in Council Policy 100-17, adopted by Council Resolution No. R-277952 and incorporated into this Agreement by this reference. The Company shall certify to the City that it will provide a drug-free workplace.

(A) Consultant's Notice to Employees. The Company shall publish a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the work place, and specifying the actions that will be taken against employees for violations of the prohibition.

(B) Drug-Free Awareness Program. The Company shall establish a drug-free awareness program to inform employees about all of the following:

- (i) The danger of drug abuse in the work place;
- (ii) The policy of maintaining a drug-free work place;
- (iii) Available drug counseling, rehabilitation, and employee assistance programs; and
- (iv) The penalties that may be imposed upon employees for drug abuse violations.

(C) Posting the Statement. In addition to Subsection (A) above, the Company shall post the drug-free policy in a prominent place.

(D) Subcontractor's Agreements. The Company further certifies that each Agreement for Subcontractor Services for this Project shall contain language that binds the Subcontractor to comply with the

provisions of Section 9.18 of this Agreement, as required by Sections 2.A (1) through (3) of Council Policy 100-17. The Company and any of its Subcontractors shall be individually responsible for their own drug-free work place program.

(E) Company's Operational Manual. Without otherwise reducing its obligations pursuant to this Section, the Company shall ensure compliance with the provisions relating to drug-free programs set forth in the Company's Operational Manual.

SECTION 9.19. RECORDATION OF THE AGREEMENT. Either the Company or the City may record this Agreement. The City and the Company shall, upon request of the other, promptly execute, acknowledge and deliver to the other a "Short Form" memorandum of this Agreement for recording purposes.

SECTION 9.20. NOTICES. Any notice or communication required or permitted hereunder shall be in writing and sufficiently given if delivered in person or sent by certified or registered mail, postage prepaid, as follows:

If to the Company: Mr. James T. Ambroso
 General Manager, Landfill Division
 San Diego Landfill Systems, Inc.
 7297 Ronson Road, Suite G
 San Diego, CA 92111
 Tel: 858/541-2570 (ext. 11)
 Fax: 858/541-2005

With a copy to: Mr. Don Swierenga
 Regional Vice President
 Allied Waste North America, Inc.
 7201 East Camelback Road, Suite 375
 Scottsdale, AZ 85251
 Tel: 602/596-9596 ext. 237
 Fax: 602/970-4685

and to: Patrick Shea, Esq.
 Pillsbury Madison & Sutro LLP
 101 W. Broadway, Suite 1800
 San Diego, CA 92101
 Tel: 619/544-3177
 Fax: 619/236-1995

If to the City: Mr. George I. Loveland
Deputy City Manager
City of San Diego
202 C Street, MS-9A
San Diego, CA 92101-3869
Tel: 619/236-5949
Fax: 619/236-6067

With a copy to: Richard L. Hays
Director, Environmental Services Department
9601 Ridgehaven Court, Suite 210
San Diego, CA 92123-1636
Tel: 858/492-5056
Fax: 858/492-5021

and to: Elmer L. Heap, Jr., Esq.
Deputy City Attorney
Civil Division, Office of the City Attorney
City of San Diego
1200 Third Avenue, Suite 1100
San Diego, CA 92101-4184
Tel: 619/236-7727
Fax: 619/533-5856

Changes in the respective addresses to which such notices may be directed may be made from time to time by any party by notice to the other party.

SECTION 9.21. NO INTENDED THIRD PARTY BENEFICIARIES. None of the provisions of this Agreement are intended to benefit any third party not specifically referenced herein. No party other than the City and the Company shall have the right to enforce any of the provisions of the Agreement.

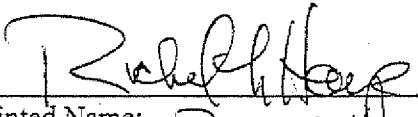
SECTION 9.22. INTEREST ON OVERDUE OBLIGATIONS. Except as otherwise provided herein, all amounts due hereunder, whether as damages, credits, franchise fees or reimbursements, that are not paid when due shall bear interest at the Overdue Rate on the amount outstanding from time to time, on the basis of a 365-day year, counting the actual number of days elapsed, and all such interest accrued at any time shall, to the extent permitted by Applicable Law, be deemed added to the amount due, as accrued.

SECTION 9.23. MORTGAGEE PROTECTION. Subject to the provisions hereof, the Company shall have the right to encumber the Landfill Site or any interest therein or portion thereof or any improvement thereon or revenue therefrom, by any deed of trust or other security device securing financing with

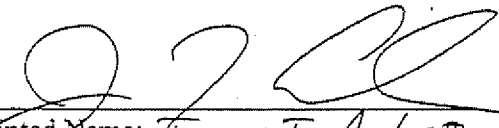
respect to the Landfill Site; provided, however, that any such encumbrance shall be explicitly subject to the City's rights hereunder, including without limitation, its rights to Biosolids Services and to deliver Qualified City Waste, all in accordance with this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their
duly authorized officers or representatives as of the day and year first above written.

CITY OF SAN DIEGO, a municipal corporation

By 
Printed Name: Richard Hays
Title: Environmental Services Director

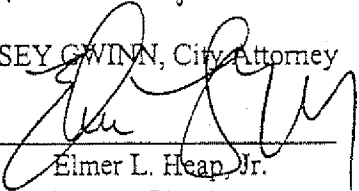
SAN DIEGO LANDFILL SYSTEMS, INC.

By 
Printed Name: James T. Ambrato
Title: District Manager

Approved as to form and legality

this 11th day of August, 1999

CASEY GWINN, City Attorney

By 
Elmer L. Heap, Jr.
Deputy City Attorney

0- 18668

Appendix A
LANDFILL SITE

EXHIBIT A

Legal Description of Property

SYCAMORE LANDFILL (APN#s: 366-031-06, 366-031-13, 366-031-23, 366-031-24, 366-040-11, 366-040-17, 366-040-18, 366-040-33, 366-040-35, 366-040-36, 366-070-14, 366-070-61, 366-080-56)

Parcel 1 (73-0421):

Those portions of Lots 3, 4, 9 and 10 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Beginning at the intersection of the center line of Road Easement No. 18 with the center line of Road Easement No. 19 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966, being the Northwestern corner of land described in Quitclaim Deed to William J. Walsh, et ux, recorded August 1, 1966 as File/Page No. 124858; thence along the center line of said Road Easement No. 18 South $00^{\circ}06'37''$ West, 416.95 feet to an angle point in the boundary of said Walsh's land; thence along said boundary as follows; South $60^{\circ}47'23''$ East 563.51 feet to the most Southerly corner of said land; North $39^{\circ}19'09''$ East, 678.62 feet to the most Easterly corner of said land, and North $28^{\circ}27'31''$ West 568.72 feet to the center line of said Road Easement No. 19, being a point on the arc of a 500.00 foot radius curve, concave Northwesternly, a radial line of said curve bears South $51^{\circ}10'09''$ East to said point; thence along said center line as follows: Southwesterly along the arc of said curve, through a central angle of $16^{\circ}20'41''$ a distance of 142.63 feet; tangent to said curve South $55^{\circ}10'32''$ West, 260.47 feet to the beginning of a tangent 500.00 foot radius curve, concave Northerly; and Southwesterly along the arc of said curve, through a central angle of $40^{\circ}11'07''$ a distance of 350.68 feet to the Point of Beginning.

Parcel 2 (73-0422):

That portion of Lot 3 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Commencing at the intersection of the center line of Road Easement No. 18 with the center line of Road Easement No. 19 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the

Office of the County Recorder of San Diego County, May 3, 1966; thence along the center line of said Road Easement No. 18, South $00^{\circ}06'37''$ West, 416.95 feet to the most Northerly corner of land described in Quitclaim Deed to Thomas Hunter McManus, Sr., et ux, recorded July 5, 1966 as File/Page No. 109648 and being the True Point of Beginning; thence continuing along said center line South $00^{\circ}06'37''$ West, 732.05 feet (deed - 732.04 feet) to the beginning of a tangent 1000.00 foot radius curve, concave Northwesterly; and Southeasterly along the arc of said curve, through a central angle of $02^{\circ}44'56''$ a distance of 47.98 feet to Southwesterly corner of said McManus' land, thence along the boundary of said land as follows: South $76^{\circ}52'17''$ East, 528.31 feet to the Southeasterly corner of said land; North $01^{\circ}49'58''$ West, 625.32 feet to an angle point therein; and North $60^{\circ}47'23''$ West, 563.51 feet to the True Point of Beginning.

Parcel 3 (73-0420):

Those portions of Lots 3, 4, 9 and 10 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Beginning at the intersection of the center line of Road Easement No. 1 with the Easterly prolongation of the center line of Road Easement No. 19 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966, being also the Northeasterly corner of land described as Parcel 184, in Quitclaim Deed to Donald E. Goodell, et ux, recorded March 29, 1967 as File/Page No. 42960; thence along said prolongation and said center line of Road Easement Parcel 19 as follows: North $88^{\circ}19'42''$ West, 100.93 feet (deed - 100.91 feet) to the beginning of a tangent 300.00 foot radius curve, concave Southeasterly; Southwesterly along the arc of said curve, through a central angle of $70^{\circ}21'57''$, a distance of 368.43 feet; tangent to said curve, South $21^{\circ}18'21''$ West, 709.62 feet to the beginning of a tangent 500.00 foot radius curve, concave Northwesterly; and Southwesterly along the arc of said curve, through a central angle of $17^{\circ}31'30''$, a distance of 152.94 feet to the most Westerly corner of said Parcel 184 of Goodell's land; thence along the boundary of said Parcel 184 as follows:

South $28^{\circ}27'31''$ East, 568.72 feet to the Southwesterly corner of said land; thence South $39^{\circ}19'09''$ West, 678.62 feet; thence South $44^{\circ}28'28''$ West, 385.39 feet; thence South $80^{\circ}00'26''$ East, 391.23 feet; thence South $04^{\circ}00'57''$ West, 263.36 feet to the intersection of the center line of Easement No. 1 with the Southwesterly prolongation of the center line of Easement No. 13 as shown on Sheet 1 of 3 of Miscellaneous Map No. 465, filed in the Office of the County Recorder of San Diego County, February 15, 1965, being also the most Southerly corner of land described in Quitclaim Deed to Donald E. Goodell, et ux, recorded

September 13, 1965 as File/Page No. 165829; thence along said prolongation and said center line North 48°59'34" East, 479.20 feet to an angle point in the boundary of said Goodell's land last above referred to; thence along said boundary as follows: North 00°27'12" East, 666.50 feet to a corner therein; North 89°11'37" West, 39.83 feet to a corner therein; North 00°00'22" East, 1380.00 feet to an angle point therein; and North 74°06'28" West, 131.04 feet to the center line of said Easement No. 1; thence along said center line North 11°40'18" East, 218.66 feet to the Point of Beginning.

Parcel 4 (73-0414):

That portion of Lot 9 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Beginning at the Southeasterly terminus of the center line of Easement No. 10 as shown on Sheet 1 of 3 of Miscellaneous Map No. 465, filed in the Office of the County Recorder of San Diego County, February 15, 1965, being also a point on the Northwesterly line of land described as Parcel B-11-31 in Quitclaim Deed to Andrew Matto, et al, recorded December 14, 1964 as File/Page No. 226678; thence along the boundary of said land of Matto, et al, as follows: South 40°53'52" West, 1033.16 feet (record - South 40°53'30" West, 1033.31 feet) to the most Westerly corner of said land; South 46°08'03" East, 722.60 feet (record - South 46°08'25" East, 722.70 feet) to the most Southerly corner of said land; North 50°09'37" East (record - North 50°09'15" East), 925.37 feet to the most Easterly corner of said land; North 56°54'32" West (record - North 56°54'50" West), 252.51 feet to an angle point therein; North 13°39'54" West (record - North 13°40'16" West), 761.53 feet to the most Northerly corner of said land; and South 40°53'52" West (record - South 40°53'30" West), 250.00 feet to the Point of Beginning.

Parcel 5 (73-0415):

Those portions of Lots 9 and 10 of the Resubdivision of a part of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, and that portion of Lot 73 of Rancho Mission of San Diego, in the City of San Diego, County of San Diego, State of California, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 of San Diego County, filed in said Recorder's office, described as follows:

Commencing at the intersection of the center line of Spring Canyon Road as shown on City Engineer's Drawing No. 11029-1-D filed in the office of the City Engineer of the City of San Diego, County of San Diego, State of California, within the center line of Road Easement No. 19 as shown on City Engineer's Drawing No. 12253-1-D filed in the office of said City Engineer; thence along said center line South $64^{\circ}30'44''$ East 183.06 feet to the beginning of a tangent 600.00 foot radius curve, concave Southwesterly; thence Southeasterly along the arc of said curve being along said center line, through a central angle of $33^{\circ}01'55''$ a distance of 345.91 feet; thence leaving said center line North $23^{\circ}18'19''$ East 871.07 feet to the True Point of Beginning; thence North $14^{\circ}32'59''$ East 716.39 feet; thence radially South $76^{\circ}33'07''$ East 788.68 feet to an intersection with the center line of Road Easement No. 18 as shown on said City Engineer's Drawing No. 12253-1-D, said intersection being a point on the arc of a 1200.00 foot radius curve, concave Westerly; thence Southwesterly along the arc of said curve, being along said center line through a central angle of $3^{\circ}55'18''$ a distance of 82.14 feet; thence tangent and along said center line South $17^{\circ}22'12''$ West 702.89 feet to a point which bears South $71^{\circ}27'13''$ East from the True Point of Beginning, thence North $71^{\circ}27'13''$ West 754.55 feet to the True Point of Beginning.

Parcel 6: (73-0407):

That portion of Lot 73 of Rancho Mission of San Diego, in the City of San Diego, County of San Diego, State of California, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 on file in the office of the County Clerk of San Diego County, described as follows:

Commencing at the intersection of the center line of Road Easement No. 1 with the Southeasterly continuation of the center line of Road Easement No. 12 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966, being a point on the arc of a 800.00 foot radius curve, concave Northeasterly, a radial line of said curve bears South $38^{\circ}24'16''$ West, to said point; thence along the continuation of and the center line of said Road Easement No. 12 as follows: Northwesterly along the arc of said curve, through a central angle of $51^{\circ}36'06''$ a distance of 720.50 feet; and tangent to said curve North $00^{\circ}00'22''$ East, 268.68 feet to the most Southerly corner of land described as Parcel 165 in deed to Frederick O. Horne, et ux, recorded June 24, 1969 as File/Page No. 112744 and being the True Point of Beginning; thence along the boundary of said Parcel 165 of Horne's land as follows: North $67^{\circ}04'14''$ West, 1296.85 feet; North $41^{\circ}23'02''$ East, 816.82 feet to the Northerly line of said Lot 73; along said Northerly line South $89^{\circ}08'54''$ East, 624.56 feet to the Northerly prolongation of the Westerly line of said Road Easement No. 12; along said prolongation South $00^{\circ}00'22''$

West, 1031.13 feet to the Northwesterly corner of said Road Easement No. 12; along the Northerly line of said Road Easement No. 12 South 78°00'38" East, 30.67 feet to the center line of said Road Easement No. 12 and along said center line South 00°00'22" West, 71.32 feet to the True Point of Beginning.

Excepting therefrom that portion thereof described as follows:

Commencing at the intersection of the center line of Road Easement No. 1 with the Southeasterly continuation of the center line of Road Easement No. 12 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966, being a point on the arc of a 800.00 foot radius curve, concave Northeasterly, a radial line of said curve bears South 38°24'16" West, to said point; thence along the continuation of and the center line of said Road Easement No. 12 as follows: Northwesterly along the arc of said curve, through a central angle of 51°36'06" a distance of 720.50 feet; and tangent to said curve North 00°00'22" East, 268.68 feet to the most Southerly corner of land described as Parcel 165 in deed to Frederick O. Horne, et ux, recorded June 24, 1969 as File/Page No. 112744; thence along the boundary of said Parcel 165 of Horne's land North 67°04'14" West, 617.53 feet to the True Point of Beginning; thence continuing along said boundary of Parcel 165 of Horne's land as follows: North 67°04'14" West, 679.32 feet North 41°23'02" East, 816.82 feet to the Northerly line of said Lot 73; thence South 89°08'54" East, along said Northerly line 292.37 feet; thence leaving said Northerly line South 13°19'04" West, 897.30 feet to the True Point of Beginning.

Parcel 7 (73-0409-A1):

That portion of Lot 73 of Rancho Mission of San Diego, in the City of San Diego, County of San Diego, State of California, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 on file in the office of the County of Clerk of San Diego County, described as follows:

Commencing at the intersection of the center line of Road Easement No. 1 with the Southeasterly continuation of the center line of Road Easement No. 12 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966, being a point on the arc of a 800.00 foot radius curve, concave Northeasterly, a radial line of said curve bears South 38°24'16" West, to said point; thence along the continuation of and the center line of said Road Easement No. 12 Northwesterly along the arc of said curve, through a central angle of 30°39'00" a distance of 427.96 feet to the most Easterly corner of land described as Parcel 166 in deed to Fernando L. Sola, et al, recorded June 24, 1969 as File/Page No. 112743 in said Recorder's office and being the True

Point of Beginning; thence along the boundary of said Parcel 166 as follows: along the center line of said Road Easement No. 12, continuing Northwesterly and Northerly along the arc of said curve, through a central angle of $20^{\circ}57'06''$ a distance of 292.54 feet; thence tangent to said curve North $00^{\circ}00'22''$ East, 268.68 feet to the Northeasterly corner of said Parcel 166; thence North $67^{\circ}04'14''$ West, 765.91 feet; thence South $04^{\circ}11'26''$ East, 906.27 feet to the Northerly line of that parcel of land described in deed to the County of San Diego recorded February 8, 1974 as File/Page No. 74-033846 in said Recorder's office; thence along said Northerly line North $85^{\circ}48'34''$ East, 693.86 feet to the True Point of Beginning.

Parcel 8 (73-0416):

Those portions of Lot 73 of Rancho Mission of San Diego, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 on file in the office of the County Clerk of San Diego County, and portions of Lots 9 and 10 Resubdivision of Fanita Rancho, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, all being in the City of San Diego, County of San Diego, State of California, described as a whole as follows:

Commencing at the intersection of the center line of Road Easement No. 1 with the Southeasterly continuation of the center line of Road Easement No. 12 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966, being a point on the arc of a 800.00 foot radius curve, concave Southeasterly, in the center line of said Road Easement No. 1, a radial line of said curve bears North $56^{\circ}35'10''$ West to said point; thence along the center line of said Road Easement No. 1 as follows; Southwesterly along the arc of said curve, through a central angle of $21^{\circ}44'32''$ a distance of 303.58 feet; and tangent to said curve South $11^{\circ}40'18''$ West, 459.87 feet to the Northeasterly corner of land described in Quitclaim Deed to Robert Newton Hunter, Jr., recorded August 25, 1966 as File/Page No. 139126 and being the True Point of Beginning; thence continuing along said center line South $11^{\circ}40'18''$ West, 1020.20 feet (deed - 1020.21 feet) to the Easterly prolongation of the center line of Road Easement No. 19 as shown on said Miscellaneous Map No. 488 thence along said prolongation and said center line of Road Easement No. 19 as follows: North $88^{\circ}19'42''$ West, 100.93 feet (deed - 100.91 feet) to the beginning of a tangent 300.00 foot radius curve, concave Southeasterly; and Southwesterly along the arc of said curve, through a central angle of $35^{\circ}27'02''$ a distance of 185.62 feet to the most Southerly corner of said Hunter's land; thence along the boundary of said Hunter's land as follows: North $19^{\circ}06'29''$ West, 292.82 feet; and North $72^{\circ}14'44''$ West, 655.87 feet to the center line of Road Easement No. 18 as shown on said Miscellaneous Map.

No. 488; thence along said center line as follows; North 17°22'12" East, 702.89 feet to the beginning of a tangent 1200.00 foot radius curve, concave Southwesterly; and Northerly along the arc of said curve, through a central angle 04°39'26" a distance of 97.54 feet to the Northwesternly corner of said Hunter's land; thence along the Northerly line of said Hunter's land South 78°36'44" East, 987.60 feet to the True Point of Beginning.

Parcel 9 (73-0417):

Those portions of Lots 9 and 10 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Commencing at the intersection of the center line of Road Easement No. 1 with the Easterly prolongation of the center line of Road Easement No. 19 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966; thence along said prolongation and said center line of Road Easement No. 19 as follows: North 88°19'42" West, 100.93 feet (deed - 100.91 feet) to the beginning of a tangent 300.00 foot radius curve, concave Southeasterly; and Southwesterly along the arc of said curve, through a central angle of 35°27'02" a distance of 185.62 feet to the most Easterly corner of land described in Quitclaim to Harry Weimer, recorded September 13, 1966 as File/Page No. 148437 and being the True Point of Beginning; thence along the boundary of said Weimer's land as follows: North 19°06'29" West, 292.82 feet; and North 72°14'44" West, 655.87 feet to the center line of Road Easement No. 18 as shown on said Miscellaneous Map No. 488; thence along said center line South 17°22'12" West, 419.11 feet to the Southwesterly corner of said Weimer's land; thence along the Southwesterly line of said Weimer's land South 56°07'22" East, 780.39 feet to the center line of said Road Easement No. 19; thence along said center line as follows: North 21°18'21" East, 233.95 feet to the beginning of a tangent 300.00 foot radius curve, concave Southeasterly; and Northeasterly along the arc of said curve, through a central angle of 34°54'55" a distance of 182.81 feet to the True Point of Beginning.

Parcel 10 (73-0419):

Those portions of Lots 9 and 10 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Commencing at the intersection of the center line of Road Easement No. 1 with the Easterly prolongation of the center line of Road Easement No. 19 as shown on Sheet 1 of 3 of Miscellaneous

Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966; thence along said prolongation and said center line of Road Easement No. 19 as follows: North 88°19'42" West, 100.93 feet (deed - 100.91 feet) to the beginning of a tangent 300.00 foot radius curve, concave Southeasterly; Southwesterly along the arc of said curve, through a central angle of 70°21'57" a distance of 368.43 feet; and tangent to said curve South 21°18'21" West, 233.95 feet to the most Easterly corner of land described in quitclaim Deed to David B. Devine, et al, recorded July 1, 1966 as File/Page No. 108768 and being the True Point of Beginning; thence continuing along said center line as follows: South 21°18'21" West, 475.67 feet to the beginning of a tangent 500.00 foot radius curve, concave Northwesterly; Southwesterly along the arc of said curve, through a central angle of 33°52'11" a distance of 295.57 feet; tangent to said curve 55°10'32" West, 260.47 feet to the beginning of a tangent 500.00 foot radius curve, concave Northerly; and Southwesterly along the arc of said curve, through a central angle of 40°11'07" a distance of 350.68 feet to the center line of Road Easement No. 18 as shown on said Miscellaneous Map No. 488; thence along the center line of said Road Easement No. 18 as follows: North 00°06'37" East, 391.28 feet to the beginning of a tangent 1000.00 foot radius curve, concave Easterly; Northerly along the arc of said curve, through a central angle of 17°15'34" a distance of 301.25 feet; and tangent to said curve North 17°22'12" East, 686.46 feet to the most Northerly corner of said land of Devine, et al; thence along the Northeasterly line of said land South 56°07'22" East, 780.39 feet to the True Point of Beginning.

Parcel 11 (73-0410):

Those portions of Lot 73 of Rancho Mission of San Diego, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 on file in the office of the County Clerk of San Diego County, and Lot 9 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, all being in the City of San Diego, County of San Diego, State of California, and being more particularly described as follows:

Beginning at the Northerly terminus of the center line of Easement No. 12 as shown on Sheet 1 of 3 of Miscellaneous Map No. 465, filed in the Office of the County Recorder of San Diego County, February 15, 1965, being also the Northwesterly corner of land described in Quitclaim Deed to Fred Eklund, et al, recorded September 27, 1965 as File/Page No. 175424; thence along the center line of said Easement No. 12 and the Southeasterly continuation thereof as follows: South 00°00'22" West 340.00 feet to the beginning of a tangent 800.00 foot radius curve, concave Northeasterly; and Southeasterly along the arc of said

curve, through a central angle of $51^{\circ}36'06''$ a distance of 720.50 feet to the center line of Easement No. 1 as shown on said Miscellaneous Map No. 465; being a point on the arc of a 800.00 foot radius curve, concave Southeasterly, a radial line of said curve bears North $56^{\circ}35'10''$ West to said point; thence along the center line of said Easement No. 1 as follows: Northeasterly along the arc of said curve, through a central angle of $08^{\circ}13'05''$ a distance of 114.75 feet; non-tangent to said curve North $42^{\circ}31'20''$ East, 528.78 feet, being a point on the arc of a non-tangent 800.00 feet radius curve, concave Southeasterly, a radial line of said curve bears North $48^{\circ}22'05''$ West to said point; and Northeasterly along the arc of said curve, through a central angle of $47^{\circ}25'09''$ a distance of 662.09 feet; thence at right angles to said center line North $00^{\circ}56'56''$ West, 30.00 feet to a corner in the boundary of said land of Eklund, et al; thence along said boundary as follows: South $89^{\circ}03'04''$ West, 398.41 feet to an angle point therein; and North $78^{\circ}00'38''$ West, 936.49 feet to the Point of Beginning.

Parcel 12 (73-0413):

That portion of Lot 9 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Beginning at the intersection of the center line of Road Easement No. 10 with the center line of Road Easement No. 1 as shown on Sheet 1 of 3 of Miscellaneous Map No. 465, filed in the Office of the County Recorder of San Diego County, State of California, February 15, 1965; being on the arc of a 100.00 foot radius curve, concave Northeasterly, a radial line of said curve bears South $74^{\circ}23'41''$ West to said point; thence along the continuation of and the center line of said Easement No. 10, Southeasterly along the arc of said curve, through a central angle of $23^{\circ}56'42''$ a distance of 417.92 feet to an angle point in the boundary of Parcel B-151 of Newport's land; thence along the boundary of said Parcel B-151 as follows: North $40^{\circ}53'52''$ East, 250.00 feet; South $13^{\circ}39'54''$ East, 761.58 feet; South $56^{\circ}54'32''$ East, 252.51 feet to an angle point therein; thence North $18^{\circ}02'05''$ West, 1124.78 feet to a point on the center line of Road Easement No. 1; thence along said center line South $89^{\circ}03'04''$ West, 100.00 feet; thence North $03^{\circ}22'21''$ East, 30.08 feet to the Northerly line of said Easement No. 1; thence along the Northerly boundary of said Easement 1 as follows: South $89^{\circ}03'04''$ West, 201.68 feet to the Northwesterly corner of said Parcel B-151 of Newport's land; thence South $00^{\circ}56'56''$ East, 30.00 feet to the center line of said Easement No. 1, being a point on the arc of a 800.00 foot radius curve, concave Southeasterly, a radial line of said curve bears North $00^{\circ}56'56''$ West to said point; thence along said center line Westerly along the arc of said curve, through a

central angle of $07^{\circ}09'43''$ a distance of 100.00 feet to the Point of Beginning.

Parcel 13 (73-0423):

Those portions of Lots 3 and 4 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Commencing at the intersection of the center line of Road Easement No. 18 with the center line of Road Easement No. 19 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966; thence along the center line of said Road Easement No. 18, South $00^{\circ}06'37''$ West 1149.00 feet to the Southwesterly corner of land described in Quitclaim Deed to Thomas Hunter McManus, Sr., et ux, recorded July 5, 1966 as File/Page No. 109648; thence along the Southerly line of said McManus' land South $76^{\circ}52'17''$ East, 528.31 feet to the Southwesterly corner of land described in Quitclaim Deed to Vernon Lucius Robinson, et ux, recorded July 28, 1966 as File/Page No. 123058 and being the True Point of Beginning; thence along the boundary of said Robinson's land as follows: North $01^{\circ}49'58''$ West 625.32 feet to the most Northerly corner of said land; South $44^{\circ}28'28''$ East, 385.39 feet to an angle point therein; South $80^{\circ}00'26''$ East, 391.23 feet to the center line of Road Easement No. 1 as shown on Miscellaneous Map No. 488; along said center line South $04^{\circ}00'57''$ West, 263 feet; and South $00^{\circ}26'59''$ West, 49.44 feet to the Southeasterly corner of said Robinson's land; thence along the Southerly line of said Robinson's land North $87^{\circ}12'37''$ West, 617.20 feet to the True Point of Beginning.

Parcel 14 (73-0411):

Those portions of Lot 73 of Rancho Mission of San Diego, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 on file in the office of the County Clerk of San Diego County, and Lots 9 and 10 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, all being in the City of San Diego, County of San Diego, State of California, and described as a whole as follows:

Beginning at the intersection of the center line of Road Easement No. 1 with the Southeasterly continuation of the center line of Road Easement No. 12 as shown on Sheet 1 of 3 of Miscellaneous Map No. 488, filed in the Office of the County Recorder of San Diego County, May 3, 1966, being a point on the arc of a 800.00

foot radius curve, concave Southeasterly, in the center line of said Road Easement No. 1, a radial line of said curve bears North 56°35'10" West to said point; thence along the center line of said Road Easement No. 1 as follows: Southwesterly along the arc of said curve, through a central angle of 21°44'32" a distance of 303.58 feet; and tangent to said curve South 11°40'18" West 459.87 feet to the Southeasterly corner of land described in Quitclaim Deed to Conrad B. Walburger, et ux, recorded July 22, 1966 as File/Page No. 119961; thence along the Southerly line of said Walburger's land North 78°36'44" West, 987.60 feet to the center line of Road Easement No. 18 as shown on Miscellaneous Map No. 488, being a point on the arc of a 1200.00 foot radius curve, concave Southwesterly, a radial line of said curve bears South 77°17'14" East to said point; thence along the center line of said Road Easement No. 18, Northwesterly along the arc of said curve, through a central angle of 39°14'19" a distance of 821.81 feet to the most Westerly corner of said Walburger's land; thence along the Northerly line of said Walburger's land North 85°48'34" East, 1026.35 feet to the center line of said Road Easement No. 12, being a point on the arc of a 800.00 foot radius curve, concave Northeasterly, a radial line of said curve bears South 69°03'16" West to said point; thence along said center line and the continuation thereof Southeasterly along the arc of said curve, through a central angle of 30°39'00" a distance of 427.96 feet to the Point of Beginning.

Parcel 15 (73-0408):

Those portions of Lot 73 of Rancho Mission of San Diego, in the City of San Diego, County of San Diego, State of California, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 on file in the office of the County Clerk of San Diego County, and of Lot 9 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, all being in the City of San Diego, County of San Diego, State of California, and described as a whole as follows:

Beginning at the Northerly terminus of the Westerly line of Easement No. 12 as shown on Sheet 1 of 3 of Miscellaneous Map No. 465, filed in the Office of the County Recorder of San Diego County, February 15, 1965; thence South 78°00'38" East, 30.67 feet to the Northerly terminus of the center line of said Easement No. 12, being the Northwesterly corner of land described in Quitclaim Deed to Fred Eklund, et al, recorded September 27, 1965 as File/Page No. 175424; thence along the Northerly boundary of said land of Eklund, et al, as follows: South 78°00'38" East, 936.49 feet to an angle point therein, and North 89°03'04" East, 398.41 feet to a corner in the boundary of land described as Parcel B-151 in Quitclaim Deed to James R. Newport, et ux,

recorded August 23, 1965 as File/Page No. 153083; thence along the Northerly line of said land North 89°03'04" East, 201.68 feet to an angle point in the Westerly boundary of land described in Quitclaim Deed to Jeffrian Corporation, et al, recorded August 19, 1965 as File/Page No. 135461; thence along said Northerly boundary as follows: North 03°22'21" East, 425.73 feet to an angle point therein; and North 03°27'27" East, 774.48 feet to the Northerly boundary of said Rancho Mission; thence along said Northerly boundary North 89°08'54" West, 1617.81 feet to the Northerly prolongation of the Westerly line of said Easement No. 12; thence along said prolongation South 00°00'22" West, 1031.13 feet to the Point of Beginning.

Parcel 16 (73-0418-A1):

Those portions of Lots 3 and 10 of the Resubdivision of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, and that portion of Lot 73 of Rancho Mission of San Diego, according to Partition Map thereof made in the action entitled "Juan M. Luco, et al, vs. The Commercial Bank of San Diego, et al" under Superior Court Case No. 348 on file in the office of the County Clerk of San Diego County, described as follows:

Commencing at the intersection of the center line of Spring Canyon Road as shown on City Engineer's Drawing No. 11029-1-D filed in the office of the City Engineer of the City of San Diego, County of San Diego, State of California, with the center line of Road Easement No. 19 as shown on City Engineer's Drawing No. 12253-1-D filed in the office of said City Engineer; thence along said center line South 64°30'44" East 183.06 feet to the beginning of a tangent 600.00 foot radius curve, concave Southwesterly; thence Southeasterly along the arc of said curve, being along said center line, through a central angle of 33°01'55" a distance of 345.91 feet to the True Point of Beginning; thence leaving said center line North 23°18'19" East, 871.07 feet; thence South 71°27'13" East, 754.55 feet to the center line of Road Easement No. 18 as shown on said City Engineer's Drawing No. 12253-1-D; thence along said center line South 17°22'12" West, 1105.57 feet to the beginning of a tangent 1000.00 foot radius curve, concave Easterly; thence Southerly along the arc of said curve, being along said center line, through a central angle of 17°15'34" a distance of 301.24 feet; thence tangent to said curve and along said center line South 00°00'37" West, 391.28 feet to an intersection with the center line of said Road Easement No. 19, said intersection being a point on the arc of a 500.00 foot radius curve, concave Northerly whose center bears North 05°21'39" East, thence Northwesterly along the arc of said curve, being along center line, through a center angle of 69°21'14" a distance of 605.23 feet; thence tangent to said curve and along said center line North 15°17'07" West, 686.17 feet to the beginning of a tangent 600.00 foot

radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, being along center line, through a central angle of $16^{\circ}11'43''$ a distance of 169.60 feet to the True Point of Beginning.

Parcel 17 (73-0412):

That portion of Lot 9 of the Resubdivision of a portion of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Beginning at the intersection of the center line of Road Easement No. 1 with the center line of Road Easement No. 10 as described in that certain Instrument recorded June 7, 1965 as File/Page No. 101350 wherein the City of San Diego was quitclaimed certain road and sewer easements by the United States of America acting by and through the Administrator of General Services, said intersection being a point on the arc of an 800.00 foot radius curve, concave Southeasterly in the center line of said Road Easement No. 1 a radial line of said curve bears North $08^{\circ}06'39''$ West to said point; thence along the center line of said Road Easement No. 1 as follows: Southwesterly along the arc of said curve, through a central angle of $40^{\circ}15'26''$ a distance of 562.09 feet; non-tangent to said curve South $42^{\circ}31'20''$ West 528.78 feet to the beginning of a tangent 800.00 foot radius curve, concave Southeasterly; Southwesterly along the arc of said curve, through a central angle of $29^{\circ}57'38''$ a distance of 418.33 feet and non-tangent to said curve South $11^{\circ}40'18''$ West, 1698.73 feet to the Southwesterly corner of land described as Parcel B-154 in Quitclaim Deed to Joseph E. Selma, et al, recorded July 30, 1965 as File/Page No. 137214; thence along the boundary of said Parcel B-154 as follows: South $74^{\circ}06'28''$ East, 131.04 feet to an angle point therein; and North $50^{\circ}09'37''$ East, 1670.00 feet to the most Southerly corner of land described as Parcel B-11-31 in Quitclaim Deed to Andrew Matto, et al, recorded December 14, 1964 as File/Page No. 226678; thence along the boundary of said Parcel B-11-31 as follows: North $44^{\circ}08'03''$ West, 722.69 feet (record - North $46^{\circ}08'25''$ West, 711.70 feet) to an angle point therein; and North $40^{\circ}53'52''$ East 1033.16 feet (record - North $40^{\circ}53'30''$ East 1033.31 feet) to the Southeasterly terminus of the center line of said Road Easement No. 10 being a point on the arc of a 1000.00 foot radius curve, concave Northeasterly, a radial line of said curve bears South $50^{\circ}26'59''$ West to said point; thence along said center line, Northwesterly along the arc of said curve, through a central angle of $23^{\circ}56'42''$ a distance of 417.92 feet to the Point of Beginning.

Parcel 18 (63-5017):

Those portions of Lots 4 and 9 of the Resubdivision of a part of Fanita Rancho, in the City of San Diego, County of San Diego,

State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Beginning at the Northwesterly corner of Lot 1 of said Resubdivision of part of Fanita Rancho; thence along the Southerly line of said Lot 4 North $89^{\circ}01'40''$ West, 1700.00 feet; thence North $32^{\circ}17'$ West, 800.00 feet; thence North $4^{\circ}39'37''$ East, 1700.00 feet; thence North $0^{\circ}26'37''$ East, 1750.00 feet; thence North $48^{\circ}59'12''$ East, 433.32 feet; thence North 697.15 feet to the True Point of Beginning; thence North $36^{\circ}30'$ East, 3350.00 feet; thence North 350.00 feet; thence South $50^{\circ}09'15''$ West, 2595.37 feet to a point on a line that is due North from the True Point of Beginning; thence South 1380.00 feet to the True Point of Beginning.

Parcel 19 (63-5019):

All of that portion of Lots 4 and 9 of the Resubdivision of a part of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, more particularly described as follows:

Commencing at the most Southerly corner of that parcel of land quitclaimed by the United States of America to the County of San Diego and recorded as File/Page No. 203861, November 14, 1963 Records of the office of the Recorder, San Diego County, California; thence South $89^{\circ}11'37''$ East, 39.83 feet to the Northwesterly corner of land quitclaimed by the United States of America to the County of San Diego and recorded as File/Page No. 165071, September 18, 1963 Records of the office of the Recorder, San Diego County, California; thence North $36^{\circ}57'12''$ East, 3350.00 feet to the most Northerly corner of said County parcel, as File/Page No. 165071; thence leaving said parcel North $75^{\circ}04'38''$ West, 62.90 feet to the Southeasterly corner of the said San Diego County land, as File/Page No. 203861; thence South $36^{\circ}30'22''$ West, 3350.00 feet to the True Point of Commencement.

Parcel 20 (63-5013):

Those portions of Lots 4 and 9 of the Resubdivision of a part of Fanita Rancho, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1703, filed in the Office of the County Recorder of San Diego County, February 28, 1918, described as follows:

Beginning at a point on the South line of said Lot 4, distant thereon North $89^{\circ}28'30''$ West 1700.00 feet from the Northwest corner of Lot 1 of said Resubdivision; said Northwest corner having the grid coordinates of N0248008.252, E1762752.328 of Zone 6 of the California Coordinate System; thence North $32^{\circ}17'$ West 800.00 feet; thence North $4^{\circ}39'37''$ East, 1700.00 feet; thence

North $0^{\circ}26'37''$ East, 1750.00 feet; thence North $48^{\circ}59'12''$ East, 433.42 feet to the True Point of Beginning; thence North 697.15 feet; thence North $36^{\circ}30'$ East, 3350.00 feet; thence South 4225.00 feet; thence North $68^{\circ}30'$ West, 2141.68 feet to a point on a line that is due South from the True Point of Beginning; thence North 50.00 feet to the True Point of Beginning.

Appendix B

TIMETABLE OF CUP AMENDMENT PROCESS

APPENDIX B

ID	Task Name	Duration	Start	Finish	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12
1	City Pre-App Mtg Held	0 days	11/2/98	11/2/98	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J
2	NEW CUP & MASTER PLAN	365 days	7/6/99	11/26/00															
3	Prepare CUP Application	85 days	7/6/99	11/11/99															
4	Submit CUP App. & Draft Master Plan	5 days	11/12/99	11/18/99															
5	Application Deemed Complete	21 days	11/19/99	12/17/99															
6	---EIR PREPARATION PROCESS---	258 days	12/20/99	12/13/00															
7	XIS & ENV. Scoping Letter/NOP	35 days	12/20/99	2/4/00															
8	Distribute NOP/Begin EIR	1 day	2/7/00	2/7/00															
9	NOP Public Comment Period	21 days	2/7/00	3/6/00															
10	Provide 1st Set Ctk DEIR to City	1 day	3/21/00	3/21/00															
11	City Reviews 1st Set Ctk DEIR	30 days	3/22/00	5/2/00															
12	Consultant Prepare 2nd Set Ctk DEIR	20 days	5/16/00	6/12/00															
13	City Reviews 2nd Set Ctk DEIR	20 days	6/13/00	7/10/00															
14	Consultant Prepare 3rd Set Ctk DEIR	10 days	7/11/00	7/24/00															
15	City Reviews 3rd Set Ctk DEIR	10 days	7/25/00	8/7/00															
16	Consultant Prepares Final DEIR	7 days	8/21/00	8/28/00															
17	Consultant provides copies, Findings/SOC	3 days	8/30/00	9/1/00															
18	DEIR ADVERTISED/DISTRIBUTED-30 DAYS	31 days	9/1/00	10/13/00															
19	Prepare Responses/FINAL EIR	30 days	10/16/00	11/24/00															
20	FINAL EIR DISTRIBUTION 14-DAY REVIEW	13 days	11/27/00	12/13/00															
21	PLANNING COMMISSION HEARING	1 day	1/4/01	1/4/01															
22	CITY COUNCIL HEARING	1 day	2/6/01	2/6/01															

Task
SpM
Progress
Milestone

Summary
Rolled Up Task
Rolled Up Soft
Rolled Up Milestone

Rolled Up Progress
External Tasks
Project Summary

ID	Task Name	Duration	Start	Finish																				
					90	01 '99	02 '99	03 '99	04 '99	01 '00	02 '00	03 '00	04 '00	01 '01	02 '01									
23	***PERMITTING***	90 days	2/7/01	6/12/01	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
24	Joint Technical Document	90 days	2/7/01	6/12/01																				
25	Solid Waste Facility Permit	90 days	2/7/01	6/12/01																				
26	Waste Discharge Requirements	25 days	2/7/01	3/13/01																				

Task	Summary	Roll Up Progress
Spill	Roll Up Task	External Tasks
Progress	Roll Up Spill	Project Summary
Milestone	Roll Up Milestone	

Appendix C

INSURANCE REQUIREMENTS

Appendix C

INSURANCE REQUIREMENTS

- I. Minimum Scope of Insurance. Coverage shall be at least as broad as:
 - A. Comprehensive General Liability Insurance covering Broad Form Comprehensive General Liability.
 - B. Pollution Liability Insurance
 - C. Automobile Liability Insurance with MCS 90 Pollution Endorsement
 - D. Worker's compensation insurance as required by the Labor Code of the State of California and Employers Liability insurance.
- II. Minimum Limits of Insurance. Company shall maintain limits no less than:
 - A. Comprehensive General Liability: \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
 - B. Pollution Liability: \$5,000,000 combined single limits per occurrence for bodily injury and property damage.
 - C. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury, property damage and pollution liability.
 - D. Worker's Compensation and Employer's Liability: Worker's compensation limits of \$1,000,000 as required by the Labor Code of the State of California.
- III. Deductibles and Self-Insurance Retentions. Any significant deductibles or self-insured retentions must be declared to and approved by the City's Risk Manager. At the option of the City's Risk Manager, either: the insurer shall reduce or eliminate such deductibles or self insured retentions as respects the City, its officials, employees, agents or volunteers; or the Company shall procure an additional letter of credit or bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.
- IV. Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions.
 - A. General Liability and Automobile Liability Coverages
 1. Company shall obtain, and during the term of this Agreement, shall maintain policies of liability, automobile liability, public liability, general liability and property damage insurance from an insurance company authorized to be in business in the State of California, in an insurable amount of not less than \$1,000,000 for each occurrence (\$5,000,000 for pollution liability). The insurance policies shall provided that the policies shall remain in full force during the life of this Agreement and shall not be canceled, terminated, or allowed to expire without thirty (30) days prior written notice

to the City from the insurance company.

2. The City shall be named as an additional insured on these policies.
3. The Company's insurance coverage shall be primary insurance as respects the City, its officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officials, employees or volunteers shall be excess of Company's insurance and shall not contribute with it.
4. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its officials, employees and volunteers.
5. Coverage shall state that the Company's insurance shall apply separately to each insured against whom claim is made or suit brought, except with respect to the limits of the insurer's liability.

B. Worker's Compensation and Employer's Liability Coverage:

The insurer shall agree to waive all rights of subrogation against the City, its officials, employees and volunteers for losses arising from work performed by the Company in the City.

- V. Acceptability of Insurers. The insurance policies required shall be issued by an insurance company or companies authorized to do business in the State of California and with a rating in the most recent edition of Best's Insurance Reports of size category of VII or larger and a rating classification of A or better.
- VI. Required Endorsements. Each insurance policy shall contain appropriate endorsements as specified by City.
- VII. Delivery of Proof of Coverage. Simultaneously with the execution of this Agreement, Company shall furnish the City certificates of each policy of insurance required hereunder, in form and substance satisfactory to City. Renewal certificates shall be furnished prior to the start of each year of this Agreement to City to demonstrate maintenance of the required coverages throughout the term of the Agreement.

Appendix D
CONTRACTUAL WASTE ACCEPTANCE LIMITATION

YEAR (commencing July 1)	ANNUAL WASTE ACCEPTANCE LIMITATION (in Tons)
1999	912,500
2000	930,750
2001	949,365
2002	968,352
2003	987,719
2004	1,007,474
2005	1,027,623
2006	1,048,176
2007	1,069,139
2008	1,090,522
2009	1,112,332
2010	1,134,579
2011	1,157,271
2012	1,180,416
2013	2,572,664
2014	2,610,764
2015	2,649,491
2016	2,688,855
2017	2,728,869
2018	2,769,543
2019	2,810,891
2020	2,852,923
2021	2,895,652
2022	2,939,090

2023	2,983,251
2024	3,028,147
2025	3,073,791
2026	3,120,196
2027	3,167,378
2028	3,215,348
2029	3,264,122
2030	3,313,715
2031	3,364,140
2032	3,415,412
2033	3,467,549
2034	3,520,563
2035	3,574,473

Appendix E

FORM OF PARENT GUARANTY

GUARANTEE

THIS GUARANTEE is made and entered into this ____ day of June, 1999, by ALLIED WASTE INDUSTRIES, INC., a Delaware corporation ("Guarantor") in favor of the City of San Diego (the "Guaranteed Party").

Recitals

A. San Diego Landfill Systems, Inc., a wholly-owned subsidiary of Guarantor, ("SDLS") and the Guaranteed Party are parties to a Facility Franchise Agreement, dated as of June __, 1999 (the "Franchise Agreement").

B. As an inducement to the Guaranteed Party to enter into the Franchise Agreement, Guarantor has agreed to guarantee the performance of SDLS's obligations under the Franchise Agreement.

In consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Agreement

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

2. Guarantee. Guarantor irrevocably and unconditionally guarantees to the Guaranteed Party the payment of each and every financial obligation ("the obligations") of SDLS contained in the Franchise Agreement in accordance with its terms and conditions. Guarantor agrees that if SDLS shall fail to perform any of its obligations under the Franchise Agreement when due in accordance with the terms thereof, it shall, upon demand made by the Guaranteed Party, immediately perform the obligation, under the Franchise Agreement. Guarantor agrees that its obligations under this Guarantee shall remain unaffected and Guarantor shall perform SDLS's obligations as if it were primarily liable for such performance notwithstanding the obligations of SDLS under the Franchise Agreement, or any, is void, voidable or unenforceable for any reason. So long as SDLS remains under any actual or contingent obligation under the Franchise Agreement, Guarantor shall not exercise any right which it may at any time have by reason of the performance of its obligations under this Guarantee to be indemnified by SDLS, or to take the benefit (wholly or partly and by way of subrogation or otherwise) of the Guaranteed Party's rights under the Franchise Agreement.

Guarantor agrees that the obligations of Guarantor pursuant to this Guarantee shall remain in full force and effect without regard to, and shall not be released, discharged or affected in any way by any circumstance or condition (whether or not Guarantor shall have any knowledge thereof), including without limitation:

- (a) any lack of validity or enforceability of the Franchise Agreement;
- (b) any termination, amendment, modification or other change in the Franchise Agreement;
- (c) any failure, omission or delay on the part of SDLS, Guarantor, or the Guaranteed Party to conform or comply with any material term of the Franchise Agreement or any failure of the Guaranteed Party to give notice of any event of default by SDLS under the Franchise Agreement;
- (d) any waiver, compromise, release, settlement or extension of time of performance or observance of any of the obligations or agreements contained in the Franchise Agreement;
- (e) any action or inaction by the Guaranteed Party under or in respect of the Franchise Agreement, any failure, lack of diligence, omission or delay on the part of the Guaranteed Party to enforce, assert or exercise any right, power or remedy conferred on it in the Franchise Agreement, or any other action or inaction by the Guaranteed Party;
- (f) any change in the ownership of the capital stock of SDLS or Guarantor or any change in the relationship between SDLS and Guarantor or any termination of any such relationship;
- (g) any release or discharge by operation of law of SDLS or Guarantor from any obligation or agreement contained in the Franchise Agreement or any agreement executed in connection therewith;
- (h) any failure of title with respect to all or any part of the respective interests of any person in the Sycamore Landfill or Otay Landfill, except to the extent such failure would relieve SDLS of its obligations under the Franchise Agreement;
- (i) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, moratorium, arrangement, composition with creditors or readjustment of, or other similar proceedings against SDLS or the Guarantor, or any of the property of either of them, or any allegation or contest of the validity of this Guarantee in any such proceeding (it is specifically understood, consented and agreed to that, to the extent permitted by law, this Guarantee shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted), it being the intent and purpose of this Guarantee that the Guarantor shall and does hereby waive all rights and defenses to the Guarantee which might accrue to it by reason of any such proceeding;
- (j) any other occurrence, circumstance, happening or event, whether similar or dissimilar to the foregoing and whether foreseen or unforeseen, which otherwise might

constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or which otherwise might limit recourse against SDLS or Guarantor.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in Section 2 above, then, in any such case, such money, together with all additional sums due hereunder, shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal obligor in place of SDLS pursuant to the terms of the Agreement and not merely a guarantor and shall be paid by the Guarantor forthwith subject to the terms of this Guarantee.

3. Representations and Warranties. Guarantor represents and warrants to the Guaranteed Party that this Guarantee has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

4. Waivers by the Guarantor. The Guarantor hereby unconditionally and irrevocably waives:

- (a) notice from the City of its acceptance of this Guarantee;
- (b) notice of any of the events referred to in Section 2 hereof except to the extent that notice is required to be given as a condition to the enforcement of Obligations;
- (c) to the fullest extent lawfully possible, all notices which may be required by statute, rule of law or otherwise to preserve intact any rights against the Guarantor, except any notice to SDLS required pursuant to the Franchise Agreement or Applicable Law as a condition to the performance of any Obligation;
- (d) to the fullest extent lawfully possible, any statute of limitations defense based on a statute of limitations period which may be applicable to guarantors (or parties in similar relationships) which would be shorter than the applicable statute of limitations period for the underlying claim, provided in no event shall this Guarantee extend more than four (4) years beyond the term of the Franchise Agreement, or the earlier termination thereof, except with respect to the guarantee of SDLS's obligations under Section 9.11(C) of the Franchise Agreement;
- (e) any right to require a proceeding first against SDLS;
- (f) any requirement that SDLS be joined as a party to any proceeding for the enforcement of any term of the Franchise Agreement;
- (g) the requirement of, or the notice of, the filing of claims by the City in the event of the receivership or bankruptcy of SDLS; and
- (h) all demands upon SDLS or any other person and all other formalities the omission of any of which, or delay in performance of which, might, but for the provisions of this

Section 4, by rule of law or otherwise, constitute grounds for relieving or discharging the Guarantor in whole or in part from its absolute, present, irrevocable, unconditional and continuing obligations hereunder.

5. Maintenance of Corporate Existence.

(a) Consolidation, Merger, Sale or Transfer. The Guarantor covenants that during the term of this Guaranty it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it unless the successor is the Guarantor; provided, however, that the Guarantor may consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entirety and thereafter dissolve if the successor entity (if other than the Guarantor) (x) assumes in writing all the obligations of the Guarantor hereunder and, if required by law, is duly qualified to do business in the State of California, and (y) delivers to the City an opinion of counsel to the effect that its obligations under this Guaranty are legal, valid, binding and enforceable subject to applicable bankruptcy and similar insolvency or moratorium laws, and (z) the net worth of the successor entity upon such consolidation, merger, sale or other transfer calculated in accordance with generally accepted accounting principles, is not less than the net worth of the Guarantor immediately prior to such consolidation, merger, sale or other transfer.

(b) Continuance of Obligations. If a consolidation, merger or sale or other transfer is made as permitted by subsection (a), the provisions of subsection (a) shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of the Subsection (a). No such consolidation, merger or sale or other transfer shall have the effect of releasing the initial Guarantor from its liability hereunder unless a successor has assumed responsibility for this Guaranty as provided in this Subsection (a).

6. Payment of Costs and Expenses. The Guarantor agrees to pay the City on demand all reasonable costs and expenses, legal or otherwise (including counsel fees), to the extent incurred by or on behalf of the City in successfully enforcing by a Legal Proceeding observance of the covenants, agreements and obligations contained in this Guarantee against the Guarantor, other than the costs and expenses that the City incurs in performing any of its obligations under the Franchise Agreement.

7. Miscellaneous.

(a) Consent to Jurisdiction. The Guarantor irrevocably: (1) agrees that any Legal Proceeding arising out of this Guarantee shall be brought in the State or federal courts in San Diego County, California having appropriate jurisdiction; (2) consents to the jurisdiction of such court in any such Legal Proceeding; (3) waives any objection which it may have to the laying of the jurisdiction of any such Legal Proceeding in any of such courts; and (4) waives its right to a trial by jury in any Legal Proceeding in any of such courts.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to the choice of law principles thereof; and any legal action, suit or proceeding arising out of or relating to this Guarantee shall be instituted exclusively in the state or federal courts of the State of California.

(c) No Third Party Benefits. Nothing in this Guarantee is intended, and it shall not be construed, to confer any rights or benefits upon any person other than the Guaranteed Party and no other third party shall have any rights or remedies hereunder.

(d) Notices. All notices and other communications to Guarantor hereunder shall be sufficiently given for all purposes hereunder if in writing and: (i) delivered personally; (ii) sent by documented overnight delivery service; or (iii) sent by telecopier (with confirmation of receipt), in each case, to the following:

San Diego Landfill Systems, Inc.
7297 Ronson Road, Suite G
San Diego, CA 92111
Attn: Mr. James Ambroso, General Manager, Landfill Division

and:

Allied Waste Industries, Inc.
7201 East Camelback Road, Suite 375
Scottsdale, AZ 85251
Attn: Mr. Don Swierenga, Regional Vice President

with a copy to:

Allied Waste Industries, Inc.
15880 N. Greenway-Hayden Loop, Suite 100
Scottsdale, AZ 85260
Attn: Mr. Steven M. Helm, Vice President - Legal

and a copy to:

Patrick C. Shea, Esq.
Pillsbury Madison & Sutro LLP
101 W. Broadway, Suite 1800
San Diego, CA 92101

or to such other address and/or to the attention of such other person as Guarantor may designate by written notice to the Guaranteed Party.

(e) Binding Effect; Assignment. This Guarantee shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided,

however, that no party hereto may assign its rights or delegate its obligations under this Guarantee without the express written consent of the other party hereto.

(f) Headings. The headings contained in this Guarantee are inserted for convenience only and will not affect the meaning or interpretation of this Guarantee.

(g) Amendment; No Waiver. This Guarantee may not be modified or amended except by an instrument in writing signed by the party against whom enforcement of any such modification or amendment is sought. Any party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Guarantee. The waiver by any party hereto of a breach of any term or provision of this Guarantee shall not be construed as a waiver of any subsequent breach.

(h) No Modification of Franchise Agreement. Nothing herein shall in any event amend, or in any other respect modify, the rights and obligation of the Guaranteed Party, on the one hand, and SDLS, on the other, under the Franchise Agreement or any other agreements executed between the parties hereto.

IN WITNESS WHEREOF, Guarantor has executed this Guarantee as of the date first above written.

ALLIED WASTE INDUSTRIES, INC.,
a Delaware corporation

By: _____
Name: _____
Its: _____

Appendix F

TERMS AND CONDITIONS OF ACCEPTANCE OF DIGESTED DEWATERED BIOSOLIDS ("BIOSOLIDS")

SECTION 1.10. COMPENSATION FOR SERVICES. (A) Generally. The Company shall perform the services described in this Agreement and render a statement to the City bi-weekly in a format reasonably required by the City (a "Billing Statement"), which Billing Statement shall set forth actual loads of Biosolids hauled as supported by weigh tickets from a Registered Weigh Station, truck (hauler) records indicating the truck number, trailer number, driver name, hauler name and address, PUC/ICC number, time leaving the Metro Biosolids Center ("MBC") and the time of arrival at, and the final destination of the load. The Company shall also provide proof of previous months payments of any fees for disposal, and payment to sub-hauler for loads hauled. The Company shall only be compensated for hauling to Landfill and the South Bay Landfill, unless the City has approved an alternate disposal site.

SECTION 1.11. AUDIT AND INSPECTION OF RECORDS. At any time during normal business hours and as often as the City may deem necessary, the Company shall make available to the City for examination all Company's pertinent books, documents, papers, data and records with respect to all matters covered by this Agreement and the Company will permit the City Auditor at reasonable locations within the City or County of San Diego to audit, examine and make excerpts or transcripts from such data and records, and make audits of all invoices, and other data relating to all matters covered by this Agreement. The Company shall maintain records relating to any particular payment or transaction under this Agreement until the expiration of three Franchise Years after such payment. The Company shall also ensure these same provisions apply to any subcontractors or sub-haulers.

SECTION 1.12. WORK COORDINATION. The Company shall coordinate its work so as not to interfere with or jeopardize the routine operation of the MBC facility or the operations of any other contractor operating at the facility. The Company's operation shall be in support of the MBC operational considerations; therefore, the City may suspend hauling of Biosolids at any time as deemed necessary by operational constraints. All operational procedures and schedules shall be established by the City.

SECTION 1.13. LOADING PROCEDURE. (A) Operations. This contract is for the collection, transportation and disposal of annual Biosolids production of approximately 130,000 wet tons or parts thereof. The Biosolids will vary between 25% and 35% dry solids, and will be composed of centrifugal dewatered cake. If permitted and directed by the City, centrifuged Biosolids may be discharged from the City's hoppers into the Company's trailers. The Company shall load Biosolids from two loading hoppers located at the MBC Centrifuges Building loading facility. The Company will be permitted to haul from MBC up to seven days per week, 24 hours per day, or as required by the City. The City personnel will be responsible for operating the controls for the hopper dump gates. The Company will not be permitted to store empty or loaded trailers at the MBC site any time. Only single end dump type trailers shall be permitted to haul from MBC until such time the City notifies the Company in writing that loading of tandem trailers is permitted.

SECTION 1.14. WEIGHING PROCEDURE. (A) Procedure. The loader trailers shall be weighed at the non-Registered Weigh Station located at the MBC. This weigh station, which shall be routinely calibrated to ensure its accuracy, shall be operated by City personnel who shall record all necessary data via an automated ticketing system onto a City weigh ticket. The City scales shall be used for City check weights only. The City shall not be responsible for over weight loads. The empty trailer shall access the City scales facility via a computer identification card provided by the City to the Company. Lost or damaged computer identification

cards will be replaced at a cost of \$100 each to the Company. The card shall identify each truck and its capacity. The truck shall then proceed to the scales area where City staff shall assist the hauler with the final positioning of the truck. The scales operator will tare the scale to zero prior to the loading of the trailer. After loading is complete, the City will issue a non-hazardous waste manifest to the hauler. The City weigh ticket shall be attached to the City's copy of the manifest for verification with the Registered weigh ticket.

(B) City's Manifest. The City manifest shall be signed by the driver of each load hauled. The City manifest shall consist of a five part, uniquely numbered document. Each part shall be in the following form: White - City #1, Green - City #2, Blue - Contract Holder, Yellow - Land Applier, Pink - Carrier. City check weights will be shown on the White Copy Only. The following procedures are to be adhered to when using the City Weigh Station:

(i) No truck and trailer rig will be weighed more than twice.

(ii) Each trailer is to have its own unique identifying number at least 4 inches TALL, in yellow, painted on each side. If the trailers are not numbered there will be no manifest issued. The name and telephone number of the Company is also to be displayed on the trailer.

(iii) The Company shall be responsible, at its own expense, for obtaining a Registered Weigh Ticket from a City approved Public Registered Scale at or near the use/disposal site. The ticket will be used for determining billable tonnages hauled, as well as verifying use/disposal destination. This Registered ticket must meet the criteria as stated in the following paragraph.

(iv) The Registered Weigh Ticket will show gross weight, tare weight, new weight, date and time of weighing, tractor and trailer numbers, license/equipment numbers, name of the Company, subcontractor, and driver. The type of material hauled and the operator's name shall appear on the ticket. No predetermined tare weight shall be accepted. Once the information is completed and correctly filled out, the driver must sign the ticket. Tickets in non-compliance shall be rejected and no payment shall be made for that portion of the work.

Should the Company use scales which are not City approved Public Registered Scales, the Company shall provide the Registered Weighmaster's name, and a copy of their certification, along with a telephone number and a list of the Deputy Weighmasters who are authorized to sign weigh tickets under the Registered Weighmaster. Prior to receiving payment for any load, the Company shall provide a hauler's manifest and Registered Weigh Ticket showing receipt and unloading/disposal at the use/disposal site. All discrepancies between the City Weigh Ticket and the Registered Weigh Ticket shall be investigated by the City prior to payment.

SECTION 1.15. EQUIPMENT CLEANING. The Company shall be responsible for keeping its equipment in a neat and clean manner. The City shall provide access to a truck washing station adjacent to the scales at no costs to the Company. The wash station is automatic. No City staff will assist in washing of the trucks. The driver may need to utilize hand wands to clean areas not cleaned by the spray nozzles.

SECTION 1.16. FUEL STORAGE. The Company or any subcontractor shall not store any fuel at MBC.

SECTION 1.17. SUBCONTRACTORS AND SUBHAULERS. (A) Approval by the City. The Company shall provide to the City a list of all subcontractors and sub-haulers including their company name, address, telephone number, PUC/ICC numbers, a contact person, a list of all truck numbers, and a list of all driver's names. The Company shall advise the City immediately, in advance, of any changes to subcontractors. The City shall have the right to approve or disapprove all related subcontractor agreements.

SECTION 1.18. BIOSOLIDS HAULING VEHICLES. The Company shall provide and maintain all vehicles required for the City hauling described under this Agreement. The Company shall not be permitted to store empty or loaded trailers at the MBC site at any time. The Company shall furnish and maintain watertight, tarped, Biosolids trailers (roll-off containers will not be acceptable, specifically designed for hauling materials such as digested dewatered wastewater Biosolids. The trailers shall be end dump type with watertight sealed gates and manual latches to secure the gates. Live floor trailers are also acceptable. The trailers shall be capable of accommodating the volume of MBC loading hoppers. All trucks will be marked, in large 4 inch high yellow lettering, with name, truck number and phone number so that clear identification by the public and City staff is possible. Loaded trailers shall be covered at all times. The cost of all equipment and their maintenance shall be included in the per wet ton bid price.

SECTION 1.19. HAULING ROUTES. All hauling routes utilized during the course of this Agreement shall be approved by the City. Further, the City reserves the right to withdraw its approval of any hauling route and require the use of alternative routes. In no case shall approval be given for any route which passes through the community of Borrego Springs, California. Deviation from approved routes may be grounds for immediate cancellation of this Agreement. The location of the Public Registered Weigh Station to be located near the Landfill or the South Bay Landfill shall be identified as part of the hauling route submitted for approval.

SECTION 1.20. SPILL RESPONSE CONTINGENCY PLAN. The Company shall prepare a spill response contingency plan defining a course of action in the event a hauling vehicle is involved in an accident and/or Biosolids are spilled. A copy shall be filed with the City and one shall be retained in each vehicle. The draft plan shall be submitted for the City's review and comment ten (10) days after the Contract Date and final plan with ten (10) days of receipt of City comments on the draft. The Company shall provide training sessions for drivers and dispatchers on the spill response contingency plan. The Company shall provide written confirmation of all drivers and dispatchers provided training on the spill response contingency plan and insure that all drivers or dispatchers are used in the hauling of the City's Biosolids has been provided such training.

SECTION 1.21. OPERATION PLAN, QUALITY ASSURANCE PLAN, AND PUBLIC RELATIONS PLAN. The Company shall submit for the City's review and approval three copies of an Operations Plan and a Quality Assurance Plan for the Biosolids Services. The Plan shall be submitted by the Company to EPA, State and Local enforcement agencies for their endorsements. The Plan shall be submitted within ten (10) calendar days after the Contract Date. The Plan shall be approved by the City and shall include as a minimum, the following information:

(A) Operations Plan. The Operations Plan shall describe staffing, organization, administrative procedures, marketing and public relations programs and provide documentation on the Landfill and the South Bay Landfill. It shall further describe (i) mechanisms used to assure accuracy and timely submittal of invoices; (ii) how the Company shall insure that all subcontractors and all lower tier subcontractors will be paid for work performed in a timely manner; (iii) in compliance with the specifications, the transportation systems and routes to be used to the processing or reuse sites; and (iv) contingency hauling and operation plans if the Landfill or South Bay Landfill are not accessible due to Uncontrollable Circumstances.

(B) Quality Assurance Plan. The Quality Assurance Plan shall describe (i) the quality assurance and control program for the Biosolids Services, including personnel, equipment, permitting and regulatory compliance, financial management and product quality control; (ii) the regulatory compliance management program including on-site practices with regard to odor control, vector control, storm water and agricultural runoff, ground water monitoring, cropping practices, soil testing, site monitoring and the monthly regulatory reporting system to both the City and EPA and how it will be used to fulfill all regulatory requirements; (iii) certifications on agronomics application rates and site restrictions for land application sites; (iv) historical

Biosolids testing results for land application sites; and (v) the Company's Spill Response contingency Plan as required by Section 1.20. hereof.

In providing the Biosolids Services, the Company shall at all times be responsible for and adhere to the provisions of its Quality Assurance Program as approved by the City. The Company shall retain sole responsibility for the adequacy of the Quality Assurance Program in relation to all applicable laws and regulations. The Quality Assurance Program and the Company's practice thereunder shall not be modified without written notice to and approval by the City. If at any time the City determines that the Quality Assurance Program is inadequate to maintain regulatory compliance or the Company is deviating from the Quality Assurance Program without the City's consent, it shall have the right to immediately suspend or terminate the Company's operation and performance under the Agreement. The Company shall be fully responsible for its operations and its subcontractors operations in the performance of the work under this contract.

(C) Public Relations Plan. The Company shall consider community concerns in routing of trucks and placement of Biosolids from the City of San Diego. The Company shall be responsible for informing the City of preferred routes and alternate routes and the reason the preferred route was chosen from a community concern perspective. The Company shall also be responsible for informing the City of potential community concerns where the Biosolids are processed and ultimately reused and for providing a preliminary list of community elements which may have concerns. This list should include neighbors, Chamber of Commerce, City or Town Council or other obvious and known entities. The Company shall support Metropolitan Wastewater Department staff in the event of a crisis, mishandling, or media attention. All community outreach shall be conducted through the Public Information Office of the Metropolitan Wastewater Department. The Company shall be prepared to participate in one 2-hour community meeting per month, if requested by the City, at no additional cost to the City.

SECTION 1.22. PERFORMANCE AND PAYMENT BONDS. (A) Bond requirements. The Company shall furnish, within ten (10) days of the Contract Date, Performance and Payment Bonds (Attachment A and B, respectively), each in the amount of one hundred percent (100%) of the total amount awarded as security for the faithful performance and payment of all the Company's obligations under Section 4.2 of this Agreement. These bonds shall remain in effect at least until two years after the completion of work, except as otherwise provided by Applicable Law and Regulation.

(B) Licensed Surety. All bonds shall be executed by surety companies authorized to do business in the State of California and approved by the City of San Diego.

(C) Bankrupt or Insolvent Surety. If the surety on any Bond furnished by the Company declares bankruptcy or becomes insolvent or its right to do business is terminated in the State of California, the Company shall within seven (7) days thereafter substitute another Bond and Surety, which shall be acceptable to the City in accordance with subsections 1.22 (A) and 1.22 (B) hereof.

SECTION 1.23. QUALITY ASSURANCE MEETINGS. The Company shall be required to schedule at least one meeting with City's representative(s) specifically to discuss the Company's performance. This meeting shall be scheduled no later than eight (8) weeks from the Contract Date and commencement of work under this Agreement. At such meeting, City's representative(s) shall provide the Company with feedback and shall note any deficiencies in the Company performance and provide the Company with an opportunity to address and correct these areas. Additional Quality Assurance meetings may be required, depending upon the Company's performance.

SECTION 1.24. ASSIGNMENT OF RIGHTS AND OBLIGATIONS TO ACCEPT BIOSOLIDS.

The obligation of the Company hereunder to accept Biosolids shall not be delegated or assigned in whole or in part without the written consent of the City. Involuntary assignment or delegation of the obligation hereunder as caused by the Company being adjudged bankrupt, assignment of the obligation for the benefit of the Company's creditors or appointment of a receiver on account of the Company's insolvency shall be considered as failure to comply with the provisions of the Agreement and subject to the termination provisions contained herein.

SECTION 1.25. LABOR STANDARDS. (A) Wages. The Company and each subcontractor engaged in the work shall pay each employee not less than the statutory minimum wage.

(B) Preference for Resident Labor. In the employment of labor for performance of the work, the Company shall give preference to qualified persons residing within the general area of the work.

SECTION 1.26. AMERICANS WITH DISABILITIES ACT. The Company acknowledges and agrees that it is aware of and will comply with Council Policy 100-04, adopted by Resolution No. 228153 relating to the Federally mandated Americans with Disabilities Act (ADA). The Company and any subcontractors will be individually responsible for their own ADA program.

Appendix G

WASTE SCREENING PROTOCOL

HAZARDOUS WASTE EXCLUSION PROGRAM

SYCAMORE, OTAY, RAMONA, AND BORREGO
LANDFILLS

SAN DIEGO COUNTY

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LOAD-CHECKING DATA AND LOAD REJECTION SHEETS

APPENDIX D

HAZARDOUS MATERIALS EMERGENCY RESPONSE CONTRACTORS

1 - INTRODUCTION

1.1 Purpose

The purpose of this waste exclusion program is to detect and prevent the disposal of hazardous wastes and polychlorinated biphenyl (PCB) wastes at the Sycamore, Otay, Ramona, and Borrego Landfills (Landfills) located in San Diego County. The Landfills are owned and operated by the following subsidiary companies of Allied Waste Industries, Inc. (AWI):

<u>Landfill</u>	<u>Owner and Operator</u>
Sycamore Landfill	Sycamore Landfill Inc.
Otay Landfill	Otay Landfill Inc.
Ramona Landfill	Ramona Landfill Inc.
Borrego Landfill	Borrego Landfill Inc.

The Landfills do not accept hazardous wastes as defined in 40 Code of Federal Regulations (CFR) Part 261, California Code of Regulations (CCR), Title 22, Article 3, or PCB wastes as defined in 40 CFR Part 761. Further reference to hazardous wastes in this document includes PCB wastes.

1.2 Objective

This document has been developed to conform to federal and state requirements to implement a program for detecting and preventing the disposal of hazardous wastes at the Landfills. The federal requirements are found in 40 CFR Part 258, Section 258.20. The state requirements are found in the California Code of Regulations (CCR), Title 27, Sections 20220 and 20870.

2 - ACCEPTABLE AND PROHIBITED WASTES

CCR, Title 27, Section 20220(a) states that "the discharger shall ensure, to the maximum extent feasible, that the unit receives only those wastes that are approved for being discharged at the unit." These types of wastes are referred to in this section as "acceptable wastes." CCR, Title 27, Section 20870 states that operators of municipal solid waste landfill units must implement a program at the facility for detecting and preventing the disposal of hazardous wastes. These types of wastes are referred to in this section as "prohibited wastes."

2.1 Acceptable Wastes

Wastes that can be disposed at each of the Landfills are limited to those allowed under applicable laws and regulations, the Landfill's Solid Waste Facility Permit (SWFP) and Waste Discharge Requirements (WDRs), the AWI Special Waste Policy, and other issued facility permits. Pertinent sections of each Landfill's SWFP and WDRs that list the wastes which may be disposed are provided in Appendix A.

2.2 Prohibited Wastes

Wastes prohibited from disposal at the Landfills include hazardous wastes as defined in 40 CFR Part 261 and CCR, Title 22, Article 3, Section 66261.20, PCB wastes as defined in 40 CFR Part 761, CCR, and wastes specifically prohibited by the Landfill's permits or AWI Special Waste Policy. Site personnel responsible for implementing this waste exclusion program are trained in the recognition and identification of prohibited wastes. The training program is described in Section 9 of this document. Examples of wastes that are prohibited from disposal at the Landfills are provided in Appendix B.

2.3 Prequalification for Special Wastes

Wastes which, because of physical characteristics, chemical make up, or biological nature require either special handling procedures and permitting, or which pose an unusual threat to human health, equipment, property, or environment, are generally referred to as "Special Wastes." Generators of these types of wastes are typically commercial or industrial businesses who contact the Landfills requesting disposal acceptance. AWI,

through implementation of a Special Waste Policy, requires evaluation, characterization, and approval of all Special Wastes by Landfill and AWI personnel prior to acceptance for disposal. Customers wishing to dispose of Special Wastes must contact the Landfill regarding specific requirements and information needed to make a determination regarding acceptance for disposal. A copy of the AWI Special Waste Policy is available at each facility.

Generally, Special Wastes can include, but is not limited to:

- Asbestos or asbestos containing material
- Treated medical waste
- Contaminated soil or residue from spill clean up work
- Sandblast grit and other powdered or highly dusty materials
- Compressed gas cylinders
- Certain dead animals
- Off-specification products (i.e., large quantities of food, consumer and industrial products)
- Underground storage tanks
- Ash from fires, furnaces, boilers, or incinerators
- Grit and sludges from water or wastewater treatment facilities
- Treated wood (i.e., power utility poles and railroad ties)
- Empty drums or containers that contained hazardous materials

3 - WASTE EXCLUSION PROGRAM COMPONENTS

The waste exclusion program consists of the following components:

- Customer notification and public information
- Load checking/inspections
- Recordkeeping
- Training
- Agency notification

Each of these is described in the following sections.

4 - CUSTOMER NOTIFICATION AND PUBLIC INFORMATION

The customer notification and public information program for each Landfill consists of an initial notification (flyer and signs) listing acceptable and prohibited wastes.

All licensed solid waste collectors, transporters, and haulers will be sent notification of federal, state, and local laws prohibiting the disposal of hazardous waste at each Landfill. These landfill customers will also be notified that a random load-checking program has been instituted and that customers who repeatedly do not comply with the program will be prohibited from using the Landfills.

Private citizens who self haul to the Landfills will be offered flyers explaining the waste exclusion program and referencing disposal options for hazardous wastes.

Signs stating that the Landfills do not accept hazardous wastes are posted at each site.

5 - LOAD CHECKING/INSPECTIONS

The load checking/inspection procedures include the following:

- Gate Monitoring
- Random Inspections
- Landfill Working Face Monitoring

5.1 Gate Monitoring

The gate attendant or fee collector will question each incoming customer as to the source and contents of the load. If any suspicious wastes or unusual loads are observed, the gate attendant will summon trained site personnel to determine the acceptability of the waste. The vehicle will be directed to the side, the load untarped, and the contents examined. If prohibited wastes are detected, the waste handling and agency notification procedures described in Sections 6 and 7, respectively, will be followed.

5.2 Random Inspections

Trained personnel will conduct a minimum of three random load inspections at each Landfill per week. The procedures for conducting the random inspections are listed below. If prohibited wastes are detected during the inspection, the waste handling and agency notification procedures described in Sections 6 and 7, respectively, will be followed.

5.2.1 Random Inspection Procedures

- The trained inspector will randomly choose a vehicle to be inspected.
- The selected vehicle will be directed to a specified area near the working face.
- The vehicle operator will be directed to dump the load and asked to remain at the area while the load is being inspected.

- The deposited waste will be spread out using heavy equipment used at the Landfill working face.
- The inspector will visually inspect the load for prohibited wastes.
- Observations of the inspection and other specific information will be recorded on a load checking data sheet as presented in Appendix C.
- If hazardous wastes are observed, the procedures described in Sections 6 and 7, respectively, will be followed.

5.3 Landfill Working Face Inspections

Equipment operators and spotters at the Landfill's working face will visually observe the refuse for prohibited wastes as it is being dumped and compacted. Should wastes that contain suspicious-looking materials be observed, trained personnel will be summoned to determine the acceptability of the waste. If the waste is determined to be unacceptable, the waste handling and agency notification procedures described in Sections 6 and 7, respectively, will be followed.

5.4 Radiation Monitoring

Radiation monitors are located in the fee booths at the Sycamore, Otay, and Ramona Landfills. These monitors measure gamma-ray and x-ray radiation at kilocounts per minute. The radiation monitor is set to alarm when the level of radiation emitted by a vehicle exceeds twice the background level of radiation.

If a vehicle triggers the radiation monitor, the vehicle will be asked to re-enter the landfill to verify radioactive material detection. If the alarm is again triggered, the vehicle will be directed to the side and the driver asked to walk towards the scale. If the driver triggers the radiation monitor, personnel will question the driver about whether he or someone he knows has recently had chemotherapy. If the driver of the vehicle does not trigger the radiation monitor, the load will be directed to a segregated area at the top of landfill until HAZMAT officials are contacted and arrive at the site. The driver will not be allowed dump the load until emergency personnel/HAZMAT officials arrive at the site.

Landfill personnel are responsible for contacting the Local Enforcement Agency (LEA), the County of San Diego HAZMAT team, the local Fire Department, the Landfill Site Manager, the Regional or Site Engineer, and the Director of Safety and Compliance at the Corporate Office each time the radiation monitor is triggered.

6 - MANAGEMENT OF HAZARDOUS WASTES

This section describes the procedures for the handling, temporary storage, and disposal of hazardous wastes detected during the load checking/inspection process.

6.1 Hazardous or Prohibited Wastes Detected at the Landfill Gate

If hazardous or unacceptable wastes are found or observed in a vehicle during visual monitoring conducted at the landfill gate, Landfill personnel will reject the entire load and will complete a load rejection form. If possible, educational information on the proper disposal of rejected wastes will be provided to the customer.

If a hazardous waste is discovered after a load has been dumped, the hazardous materials will be returned to the transporter when possible. If the waste cannot be returned to the transporter, Landfill personnel will transport the waste to the hazardous materials storage area located at each Landfill. The wastes will be identified, logged into the waste volume tracking record book, placed in drums or separated onto pallets, labeled, and transported for disposal as required by federal and state regulations. The above procedures are listed in the following section.

6.2 Hazardous or Prohibited Wastes Detected at the Working Face

If hazardous or unacceptable wastes are discovered during a random load check or through visual observation during unloading, site personnel will reject such wastes, require the prohibited wastes to be reloaded onto the transporting vehicle, and complete a load rejection form. Proper notification will be made to all required agencies regarding the incident. The transporter is responsible for returning the rejected waste to the generator, or if the generator is unknown, for the waste's disposal.

If hazardous or prohibited wastes are detected at the working face, and the transporter is unknown, site personnel will strive to identify the generator or transporter. If these parties can be identified, they will be responsible for removing the unacceptable waste from the landfill for proper disposal. If the generator or transporter cannot be identified, the following steps will be taken:

1. If the hazardous or unacceptable waste is a general household hazardous waste (i.e., paint, solvents, motor oil, insecticides, pesticides, and automobile batteries), trained site personnel will remove these wastes from the face and transport them to the hazardous waste storage area. The waste will later be overpacked and transported off site for proper disposal in accordance with federal and state regulations.
2. If the characteristics of the waste is unknown, or the waste is perceived to be a safety hazard, the following steps will be taken:
 - The inspector will immediately notify the following of the situation:
 - Site Operations Manager
 - Safety Supervisor
 - Immediate Supervisor
 - All Employees at the Working Face
 - The inspector will secure the immediate and surrounding areas of the waste to establish a safe zone. Other vehicles will be directed to dump in another location.
 - The Site Operations Manager will contact one of the Emergency Response Contractors listed in Appendix D to respond and manage the removal and disposal of the waste.
 - Notification will be made to all required agencies of the incident.

6.3 Temporary Storage of Hazardous Wastes

If household hazardous wastes are discovered at the site and cannot be immediately returned to the hauler or generator, trained personnel will containerize, label, mark and store the waste in a manner consistent with applicable local, state, and federal waste generator regulations. Waste will be stored in the area identified as the Hazardous Waste Storage Area.

- Each Landfill has a USEPA hazardous waste generator identification number
- Each site has completed a Hazardous Materials Business Plan
- Hazardous wastes are tracked and stored at the site for a maximum of 90 days after accumulation of 220 pounds or more of waste (small quantity generator accumulation start date).
- Hazardous wastes are removed from the site by a licensed hazardous waste hauler under proper manifesting, and disposed or treated at a permitted facility.

7 - AGENCY NOTIFICATION

To discourage illegal disposal from occurring, the site will notify the Department of Environmental Health (DEH), Local Enforcement Agency (LEA), of generators or transporters whose loads have been rejected from disposal. A list of the generators and transporters will be posted in the scalehouse special precautions to be taken when accepting wastes from these sources.

The DEH, the California Department of Toxic Substances Control, and Regional Water Quality Control Board will also be notified when Site Management determines that the situation warrants notification. Notification is required if a regulated hazardous waste or PCB waste is discovered at the facility.

8 - RECORD KEEPING

Records generated during implementation of this waste exclusion program will be filed in the Landfill's Operating Record and kept for a minimum of three years. Records will be available for inspection by regulatory agencies. Records include:

- Load Rejection Forms
- Load Checking Data Sheets
- Employee Training Records
- Agency Notifications

9 - LOAD CHECK TRAINING

Site personnel responsible for load checking or inspections will receive training in the identification of hazardous wastes, worker safety, and procedures to be followed should hazardous wastes be found. At a minimum, training will consist of a 24-hour OSHA-certified class, and annual 8-hour refresher courses. Additional hazardous waste handling and identification will be required or made available as warranted. Documentation of training will be placed in employee files.

9.1.1 Radiation Monitoring

The Landfill site Managers will be trained on radiation monitoring and emergency response procedures. The managers will be responsible for training site employees. A list of emergency contacts and phone numbers will be posted by the telephone and is listed in Appendix D.

APPENDIX A
ACCEPTABLE WASTES

**BORREGO LANDFILL
PERMITTED ACCEPTABLE WASTES**

SOLID WASTE FACILITIES PERMIT
BORREGO SPRINGS LANDFILL
37-AA-0006

FINDINGS

- I. The description of the facility's design and operation as authorized by this permit includes the following:
 - A. The Borrego Springs Landfill is an existing facility which was granted a Solid Waste Facilities Permit in 1978. The owner of the facility is the Borrego Landfill, Inc., c/o Allied Waste Industries, Inc. The operator of the facility is Borrego Landfill, Inc. Currently the operator contracts daily operations to a subcontractor.
 - B. The facility is located 4 miles east of Borrego Springs at the intersection of Palm Canyon Drive and Peg Leg Road. The official address of the site is 2449 Palm Canyon Drive. The parcel is described as Assessors Parcel Number 201-010-10, NW ¼, SW ¼, Sec. 6, T. 11S., R. 7E., San Bernardino Baseline and Meridian. The legal boundaries are described on page 1-2 and 2-16 of the Report of Disposal Site Information (RDSI). A site map and plot plan are included in Figure 2-1 of the RDSI. Figure 1-2 delineates the landfill boundaries and indicates adjacent land uses within 1000' of the site boundaries. The total acreage is 42.04 acres, and the area currently in use is 18 acres. Approximately 29 acres are intended for landfilling.
 - C. Access to the facility is by a 24-foot-wide paved County road known as Old Dump Road from the intersection of Palm Canyon Drive and Peg Leg Road. The single on-site structure is a 10 by 20 foot portable building used as a fee booth. There is also a 2000 gallon diesel fuel storage tank at the equipment service area. This tank is scheduled to be removed in October 1992, and fuel will be dispensed from service vehicles thereafter.

The site is to be monitored for groundwater by a network of four monitoring wells that will be drilled and completed by November 1992. The wells will be placed with one upgradient and three downgradient to satisfy Solid Waste Assessment Test (SWAT) requirements.

Gas monitoring will be accomplished by ambient air and landfill gas sampling, and testing for subsurface migration of gases. Four subsurface gas monitoring probes will be installed in the next five years around the perimeter of the waste deposit area.

Leachate monitoring is not proposed based on negligible leachate generation due to limited precipitation at the site.

The existing drainage channel bisects the landfill as shown in Figure 2-1 in the RDSI. Topdeck runoff generally flows northward towards the drainage channel. The channel has enough capacity to convey off-site and on-site flood water beyond the site.

The Staged Development Plan redesigns the drainage so that site run-on will be routed around the landfill via perimeter ditch. Top deck drainage is routed to two lined V-ditches. Other flow will be routed along the bottom of the borrow areas, in peripheral channels. A siltation basin will be installed as shown on Figure 2-5 in the RDSI.

- D. Wastes received at this facility include mixed residential and commercial. The types of special wastes acceptable at the site include the following wastes, provided that the waste contains less than

50 percent moisture content: decontaminated biohazardous wastes, contaminated soil, sandblasting grits, powdery wastes, dead animals, clean drums, food wastes, and other special commercial/industrial wastes requiring special handling. Contaminated soil and sandblasting grits must meet the requirements of the Regional Water Quality Control Board and the Department of Toxic Substances Control before acceptance at the landfill. Hazardous wastes, friable asbestos, untreated biohazardous wastes, auto fluff, and septic tank pumpings or other liquids are not accepted.

- E. About 25 tons of solid waste per operating day are currently received. Daily quantities are expected to increase to an average of 30 tons per day over the next 5 years. The RDSI projects a maximum daily load capacity of 50 tons per day. Total site capacity is estimated at 706,745 cubic yards.
- F. Landfill operations shall occur only between the hours of 7:00 A.M. and 2:00 P.M., Tuesday through Saturday. For the purposes of this condition, "operations" shall include: the receipt, handling, processing and/or disposal of waste or recyclable materials. Other site activities such as final daily compacting, site grading and/or excavation, heavy equipment operation, daily cover, monitoring of groundwater and gas systems, remedial activities required by a regulatory agency, and equipment maintenance shall not be limited by this condition. The landfill will be closed on the following holidays: Thanksgiving, Christmas, New Years Day, Memorial Day, July 4th, and Labor Day.

The facility uses the trench fill and area fill methods, compacted to a density of 1200 pounds per cubic yard. Entry to the landfill is from the intersection of Palm Canyon Drive and Peg Leg Road. Vehicles travel about 0.9 miles from Palm Canyon Road to the site gate on Old Dump Road, which gives paved access to the landfill. A portable fee booth is located about 0.3 miles beyond the gate. Since scales have not been installed, fees are determined according to vehicle size. Once vehicles have entered the landfill they are directed to the active working face by the site attendant, unless directed to separate piles for brush, wood, tree trimmings, or crushed asphalt. The vehicles then exit the landfill by Old Dump Road to the intersection of Palm Canyon Drive and Peg Leg Road. The daily number of vehicles using the site ranges from 2 to 20.

- G. Salvaging is not permitted. The Operator has contracted with an on-site recycling agent who provides supervision and equipment to operate the on-site recycling area. Patrons place newspaper, office paper, aluminum, bottles, cans, and beverage containers in separate bins provided by the recycling agent. The agent also provides means to chip or grind clean green and wood waste. Hazardous waste is handled in a manner approved by the Local Enforcement Agency (LEA) and the California Integrated Waste Management Board (CIWMB) in accordance with California Code of Regulations, Title 22.
- H. The Operator has implemented a hazardous waste load checking program. The EPA generator number is CAD982431744. The storage of hazardous waste for a loadcheck program does not require a variance from the California State Department of Toxic Substances Control. The Department of Toxic Substances Control has decided to recognize the operator as generator of the waste and will allow a 90 day storage under generator status. The load check program consists of inspections of random incoming loads, regular visual inspections of the wastes deposited at the facility, training of facility personnel in hazardous waste recognition and proper waste handling procedures, and posting a sign which states that no hazardous wastes are accepted. Incidents of unlawful disposal are reported to the County of San Diego, Hazardous Materials Management Division [telephone (619) 338-2222]. Additional measures may be required upon the request of the Local Enforcement Agency.

CONDITIONS

Requirements

1. The design and operation of this facility must comply with the State Minimum Standards for Solid Waste Handling and Disposal.
2. The design and operation of this facility must comply with all federal, state, and local requirements and enactments.
3. Additional information regarding the design and operation of this facility must be provided to the LEA upon request.
4. At the discretion of the LEA and the Air Pollution Control District (APCD), landfill gas monitoring probes shall be installed for detection of gas migration.

Prohibitions

The following actions are prohibited at this facility:

1. Disposal of hazardous wastes, friable asbestos-containing materials, septic tank pumpings and other liquids, automobile fluff, and untreated biohazardous waste.
2. Placement of wastes closer than 7 feet to the highest anticipated ground water level.
3. Scavenging.
4. Open burning.
5. Night-time operations.

Specifications

1. Any change which would cause the design or operation of the facility to not conform to the terms or conditions of the permit would be considered a significant change and require a permit revision. If the operator proposes a significant change, an application for permit revision shall be submitted to the LEA 120 days prior to the change.
2. This facility has a permitted capacity of 50 tons per operating day and shall not receive more than this amount without first obtaining a revision of the permit.
3. The maximum elevation of filled areas is 555 feet above sea level. No refuse fill shall be placed closer than 100 feet from the property line.
4. The enforcement agency, through this permit, may prohibit or condition the handling or disposal of solid wastes to protect the public health and safety, protect, rehabilitate, or enhance the environment, or to mitigate adverse environmental impacts.
5. This revision of the SWFP supersedes the permit originally issued November 18, 1978.

BORRERO Landfill

Waste Discharge Requirements Order No. 89-021 Page 1 of 1

7. The exterior surfaces of the disposal area including the intermediate and final landfill covers shall be graded and maintained to promote lateral runoff of precipitation and to prevent ponding.
8. The discharger shall remove and relocate any wastes which are discharged at this site in violation of these requirements.
9. Solid waste shall not be placed in ponded water.

B. Prohibitions

1. The discharge or deposit of hazardous waste (as defined in said Subchapter 15) at this site is prohibited.
2. The discharge or deposit of designated waste (as defined in said Subchapter 15) at this site is prohibited.
3. The discharge of liquid or semi-solid waste (i.e., waste containing less than 50 percent solids) to the landfill units is prohibited.
4. The discharge of waste to surface waters, surface water drainage courses or to ground waters is prohibited.
5. The discharge or deposit of waste to land not owned or controlled by the discharger is prohibited.

C. Provisions

1. The discharger shall maintain a copy of this Order at the site and make it available at all times to site-operating personnel.
2. The discharger shall notify the Regional Board, in writing, of any proposed change in ownership or responsibility for construction or operation of the waste management facility.
3. The discharger shall also notify the Regional Board in writing of a material change or proposed change in the character, location, or volume of waste discharged and of any proposed expansion plans. This notification shall be accompanied by an amended report of waste discharge and any additional information as may be required by the Regional Board's Executive Officer.
4. The discharger shall comply with "Monitoring and Reporting Program No. 89-021", and future revisions thereto, as specified by the Regional Board's Executive Officer.
5. The discharger shall maintain legible records on the volume and type of each waste discharged at the site. These records shall be available for review by representatives of the Board at any time during normal business hours. At the beginning of the post-closure maintenance period, copies of these records shall be sent to the Regional Board.

**SYCAMORE LANDFILL
PERMITTED ACCEPTABLE WASTES**

SOLID WASTE FACILITY PERMIT

1. Facility/Permit Number:

37-AA-0023

2. Name and Street Address of Facility:

Sycamore Landfill
8514 Mast Boulevard
San Diego, CA 92145

3. Name and Mailing Address of Operator:

Sycamore Landfill, Inc.
c/o Allied Waste Industries, Inc.
15880 North Greenway-Hayden Loop
Suite 100
Scottsdale, Arizona 85260

4. Name and Address of Owner:

Sycamore Landfill Inc.
c/o Allied Waste Industries, Inc.
15880 North Greenway-Hayden Loop,
Suite 100
Scottsdale, Arizona 85260

5. Specification:

- a. Permitted Operations: ☐ Composting Facility (mixed wastes) ☐ Processing Facility
☐ Composting Facility (yard waste) ☐ Transfer Station
☒ Landfill Disposal Site ☐ Transformation
☐ Material Recovery Facility ☐ Other: _____

b. Permitted Hours of Operation:

Monday - Friday 7:00 AM - 4:30 PM ; Saturday - Sunday 7:30 AM - 4:00 PM

c. Permitted Tons per Operating Day:

Total: 2500 Tons/Day

Non-Hazardous - General	2500	Tons/Day
Non-Hazardous - Sludge	0	Tons/Day
Non-Hazardous - Separated or comingled recyclables	0	Tons/Day
Non-Hazardous - Other (See Section 14 of Permit)	0	Tons/Day
Designated (See Section 14 of Permit)	0	Tons/Day
Hazardous (See Section 14 of Permit)	0	Tons/Day

d. Permitted Traffic Volume:

Total: 620 Vehicles/Day

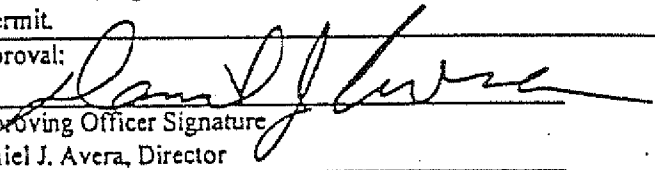
Incoming waste materials	_____	Vehicles/Day
Outgoing waste materials (for disposal)	_____	Vehicles/Day
Outgoing materials from material recovery operations	_____	Vehicles/Day

e. Key Design Parameters (Detailed parameters are shown on site plans bearing LEA and CIWMB validations):

	Total	Disposal	Transfer	MRF	Composting	Transformation
Permitted Area (in acres)	519.85 a	340 a	a	a	a	a
Design Capacity		40,200,000 cy	tpd	tpd	tpd	tpd
Max. Elevation (FL MSL)		883 ft				
Max. Depth (FL MSL)		434 ft				
Estimated Closure Date		2015				

Upon a significant change in design or operation from that described herein, this permit is subject to revocation or suspension. The attached permit findings and conditions are integral parts of this permit and supersede the conditions of any previous issued solid waste facility permit.

6. Approval:


 Approving Officer Signature
 Daniel J. Avera, Director
 Name/Title

7. Enforcement Agency Name and Address:

County of San Diego
 Department of Environmental Health
 P.O. Box 129261
 San Diego, CA 92112-9261

Received by CIWMB:

MAY 17 1993

9. CIWMB Concurrence Date:

JUN 30 1993

10. Permit Review Due Date:

AUG 19 1998

11. Permit Issued Date:

AUG 19 1993

SOLID WASTE FACILITY PERMIT

Facility/Permit Number:

37-AA-0023

12. Legal Description of Facility (attach map with RFI):

Sections 13 & 14 of T15S, R2W and Section 7, 18 & 19 of T15S, RIW of SBBM
Assessor Parcel Numbers: refer to Report of Disposal Site Information Page 1-2

Findings:

- This permit is consistent with the County Solid Waste Management Plan or the County-wide Integrated Solid Waste Management Plan (CIWMP). Public Resources Code, Section 50001.
*dated 1986, pages 111-19 & 20
- This permit is consistent with standards adopted by the California Integrated Waste Management Board (CIWMB). Public Resources Code, Section 44010.
- The design and operation of this facility is in compliance with the State Minimum Standards for Solid Waste Handling and Disposal as determined by the LEA.
*Inspected on May 13, 1993.
- The following local fire protection district has determined that the facility is in conformance with applicable fire standards as required in Public Resources Code, Section 44151.
San Diego City Fire Department
- An environmental determination (i.e. Notice of Determination) is filed with the State Clearinghouse for all facilities which are not exempt from CEQA and documents pursuant to Public Resources Code, Section 21081.6.
*See #15 below
- A County-wide Integrated Waste Management Plan has not been approved by the CIWMB.
- The following authorized agent has made a determination that the facility is consistent with, and designated in, the applicable general plan: City of San Diego Public Resources Code, Section 50000.5(a).
- The following local governing body has made a written finding that surrounding land use is compatible with the facility operation, as required in Public Resources Code, Section 50000.5(b).
*City of San Diego Municipal Code 101.0407

14. Prohibitions:

The permittee is prohibited from accepting any liquid waste sludge, non-hazardous waste requiring special handling, designated waste, or hazardous waste unless such waste is specifically listed below, and unless the acceptance of such waste is authorized by all applicable permits.

Non-friable asbestos, decontaminated bio-hazardous waste, fuel contaminated soil, sandblasting grits, powdery wastes, dead animals, clean drums, waste tires, food wastes, agricultural, construction/demolition, sludge (which is immediately mixed with soil at a 5:1 or 8:1 soil/sludge ration), tires, and wood mill wastes.

The permittee is additionally prohibited from the following items:

Disposal of hazardous waste, friable asbestos-containing material, septic tank pumpings and biohazardous waste.

15. The following documents also describe and/or restrict the operation of this facility (insert document date in space):

	Date		Date
[X] Report of Facility Information	3/93	[X] Contract Agreements - Operator and Contractor see appendix B of RDSI	3/95
[X] Land Use Permits and Conditional Use Permits	11/63, 5/86 1/74, 9/76, 8/84	[X] Waste Discharge Requirements	9/76, 2/80, 9/90 6/85, 8/88, 7/90
[X] Air Pollution Permits and Variances	9/88	[] Local & County Ordinances	
[X] EIR - FEIR - FEIR	11/90 6/91	[] Final Closure & Post Closure Maintenance Plan	
[X] Lease Agreements - Owner and Operator	4/78	[] Amendments to RFI	
[X] Preliminary Closure/Post Closure Plan	4/93	[X] Other (list): <u>Contract between operator and Landfill Generating Partners</u>	4/82
[X] Closure Financial Responsibility Document	4/92		

SYCAMORE LANDFILL
WATER PERMIT

Page 1 of 1

"LAND GRADING AND SIMILAR OPERATIONS CAUSING SOIL DISTURBANCE WHICH DO NOT CONTAIN PROVISIONS TO MINIMIZE SOIL EROSION AND LIMIT SUSPENDED MATTER IN AREA RUNOFF ARE PROHIBITED."

15. THE BOARD, IN ESTABLISHING THE REQUIREMENTS CONTAINED HEREIN, CONSIDERED FACTORS INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:
 - (A) PAST, PRESENT, AND PROBABLE FUTURE BENEFICIAL USES OF WATER.
 - (B) ENVIRONMENTAL CHARACTERISTICS OF THE HYDROGRAPHIC UNIT UNDER CONSIDERATION, INCLUDING THE QUALITY OF WATER AVAILABLE THERETO.
 - (C) WATER QUALITY CONDITIONS THAT COULD REASONABLY BE ACHIEVED THROUGH THE COORDINATED CONTROL OF ALL FACTORS WHICH AFFECT WATER QUALITY IN THE AREA.
 - (D) ECONOMIC CONSIDERATIONS.
16. THE BOARD HAS CONSIDERED ALL ENVIRONMENTAL FACTORS ASSOCIATED WITH THE DISCHARGE OF WASTE.
17. THE BOARD HAS NOTIFIED THE DISCHARGER AND ALL KNOWN INTERESTED PARTIES OF ITS INTENT TO PRESCRIBE WASTE DISCHARGE REQUIREMENTS FOR THE PROPOSED DISCHARGE.
18. THE BOARD IN A PUBLIC MEETING HEARD AND CONSIDERED ALL COMMENTS PERTAINING TO THE PROPOSED DISCHARGE.

IT IS HEREBY ORDERED, THAT THE COUNTY OF SAN DIEGO SHALL COMPLY WITH THE FOLLOWING WASTE DISCHARGE REQUIREMENTS FOR THE LITTLE SYCAMORE CANYON SANITARY LANDFILL:

A. PROHIBITIONS

1. DISCHARGES OF WASTES TO LANDS WHICH HAVE NOT BEEN SPECIFICALLY DESCRIBED TO THE REGIONAL BOARD AND FOR WHICH VALID WASTE DISCHARGE REQUIREMENTS ARE NOT IN FORCE ARE PROHIBITED.
2. DISCHARGES OF GROUP 1 WASTES AT THIS SITE ARE PROHIBITED.
3. DISCHARGE OF GROUP 2 WASTES INTO PONDED WATERS OR IN A MANNER THAT WOULD RESULT IN CONTACT WITH SURFACE DRAINAGE FROM AREAS TRIBUTARY TO THE DISPOSAL SITE, INTERNAL SITE DRAINAGE, OR PERCOLATING WATERS ARE PROHIBITED.
4. DISCHARGES OF LIQUID WASTES AT THIS SITE ARE PROHIBITED.
5. THE DISCHARGE OF LEACHATE TO SURFACE WATERS OR TO THE SURFACE OF LANDS OUTSIDE OF THE SITE BOUNDARIES IS PROHIBITED. LIQUID CONTROL BARRIERS SHALL BE CONSTRUCTED AND MAINTAINED TO PREVENT SUCH DISCHARGE.

2. That material disposed on any portion of the site shall be restricted to the following:

Type 3 material: Solid inert waste such as fill dirt, concrete and asphalt paving fragments, ceramics, etc.

Type 2 material: Household and commercial refuse and rubbish such as empty tin cans, metals, paper and paper products, cloth and clothing, wood and wood products, lawn clippings, roofing paper or tar paper, etc.

3. That liquid and soluble industrial wastes shall be excluded from the site.

4. That adequate provisions shall be made to prevent surface flooding of the site by means of water from outside the site.

5. That burning shall not be permitted on the site.

6. That water shall be provided for control of dust and hot materials.

7. That the operation shall be managed in such a manner as to prevent odors, dust, and fumes outside the disposal site.

8. That a fence shall be so constructed as to be capable of preventing the dispersion of paper and other materials from littering the surrounding area, with a lockable gate provided.

9. That the operation of the facility shall be limited to the hours between 7:00 A.M. and darkness.

10. That any flood lighting employed on the subject property shall be directed away from adjoining properties at all times.

11. That prior to use, access road and plant operating area roads be oiled, paved or otherwise dust-proofed and so maintained as the Air Pollution Control Officer of San Diego County may require to control the creation of dust.

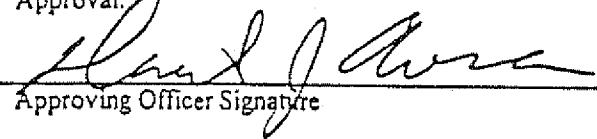
12. That dust control methods be applied to any dust-producing condition which may develop and result in a nuisance from this operation, as may be determined by the Air Pollution Control Officer.

13. That, prior to final approval of a building permit, the property shall be provided with facilities approved by the San Diego Department of Public Health, as follows:

(a) A potable water supply.

(b) Proper sanitary facilities, including toilet, handwashing facilities for employees working on the premises. These facilities shall be installed in conformance with the laws applicable thereto.

OTAY LANDFILL
PERMITTED ACCEPTABLE WASTES

SOLID WASTE FACILITY PERMIT		1. Facility/Permit Number: 37-AA-0009
2. Name and Street Address Facility: Otay Sanitary Landfill 1700 Maxwell Road Chula Vista, CA 91911	3. Name and Address of Operator: Otay Landfill, Inc. c/o Allied Waste Industries, Inc. 15880 North Greenway-Hayden Loop Suite 100 Scottsdale, AZ 85260	4. Name and Address of Owner: Otay Landfill, Inc. c/o Allied Waste Industries, Inc. 15880 North Greenway-Hayden Loop Suite 100 Scottsdale, AZ 85260
5. Specifications:		
a. Permitted Operations:		Landfill Disposal Site
b. Permitted Hours of Operation:		7:00 a.m. - 4:00 p.m. Monday - Friday 7:30 a.m. - 4:00 p.m. Saturday and Sunday
c. Permitted Tonnage:		650 Tons/Day Maximum
d. Key Design Parameters		
Total Permitted Area	213 Acres	
Permitted Disposal Area	63.5 Acres	
Design Capacity	Approximately 5.9 million cubic yards	
Estimated Remaining Capacity	Approximately 1.9 million cubic yards	
Max. Elevation	460 feet above MSL	
Max. Depth	230 feet above MSL	
Estimated Remaining Site Life	8 years	
This permit is granted solely to the operator named above. The attached permit findings and conditions are integral parts of this permit and supersede the conditions of any previous issued solid waste facility permit.		
6. Approval:  Approving Officer Signature Daniel J. Avera, Director, Department of Environmental Health Name/Title		7. Enforcement Agency Name and Address: County of San Diego Department of Environmental Health P.O. Box 129261 San Diego, CA 92112-9261
		8. Date Permit Modification Effective: OCT 22 1997 In accordance with Public Resources Code §44005, portions of the permit language were updated on October 31, 1997, to reflect a change in facility owner/operator.
9. Date Modified Permit Received by CIWMB:		10. Date CIWMB Concurred in Modification: OCT 6 1997
Permit Review Due Date: March 1, 1998		12. Original Permit Issue Date: August 1, 1979

SOLID WASTE FACILITY PERMIT

Facility/Permit Number:

37-AA-0009

13. Legal Description of Facility:

The Southeast Quarter of Section 18, Township 18 South, Range 1 West, the Southwest Quarter of the Southwest Quarter AND Lots 3 and 4 of Fractional Section 17, Township 18 South, Range 1 West, in the County of San Diego, State of California according to United States Government Survey. EXCEPTING THEREFROM that portion of the Northwest Quarter of said Section 18, Township 18 South, Range 1 West, described as follows: the North 480.00 feet of the West 440.00 feet of the Northwest Quarter of the Southeast Quarter of said Section 18. ALSO EXCEPTING THEREFROM those portions of the South Half of Section 17, Township 18 South, Range 1 West and of the East Half of the Southeast Quarter of Section 18, Township 18 South, Range 1 West, San Bernardino Base and Meridian in the County of San Diego, State of California, described as follows: BEGINNING at the East Quarter corner of said Section 18 as shown on Miscellaneous Survey No. 768, on file in the Office of the County Engineer of said San Diego County; thence along the Northerly line of the South Half of said Section 18, North 88°51'55" West (Record North 88°52'34" West) 726.87 feet; thence leaving said line South 0°0'00" West, 1,146.92 feet; thence North 89°52'45" East, 668.10 feet; thence South 01°03'26" East, 92.83 feet; thence South 53°27'10" East, 224.75 feet; thence North 79°31'03" East, 945.27 feet; thence North 07°04'32" East, 183.00 feet; thence North 00°28'27" West, 156.77 feet; thence North 02°14'32" West, 447.43 feet; thence North 75°20'29" West, 381.82 feet; thence North 01°27'22" East, 286.08 feet to a point on the Northerly line of said South Half of Section 17; thence along said Northerly line North 88°32'38" West (Record North 88°32'12" West), 697.58 feet to the POINT OF BEGINNING.

14. Findings:

- a) The LEA has determined that modification of the Solid Waste Facility Permit (SWFP) for the Otay Sanitary Landfill to show the current property boundaries is exempt from the California Environmental Quality Act (CEQA) in accordance with State CEQA Guidelines §15061(b)(3), as it can be seen with certainty that there is no possibility that the modification may have a significant effect on the environment.

15. Prohibitions:

- a) The facility shall not accept any liquid waste that is less than 50% solid by weight, designated waste, or hazardous waste, unless the acceptance of such waste is specifically authorized by all applicable regulatory agencies.
- b) The facility shall not accept medical waste, unless treated and deemed solid waste pursuant to Part 14 of Division 104 of the Health and Safety Code.

16. The following documents also describe and restrict the operation of this facility:

	Date
a) Report of Disposal Site Information	08/77 as updated 06/93
b) Preliminary Closure & Postclosure Maintenance Plans	04/93
c) Waste Discharge Requirements #74-44	05/74
d) City of Chula Vista Conditional Use Permit #PCC-72-1	01/72

17. Self Monitoring:

The operator must monitor and keep current a written record, made available to the LEA upon request, of the following:

- | | |
|--|--|
| a) Tonnage of waste received daily. | c) Number and type of vehicles utilizing the site per day. |
| b) Total area of site utilized for disposal to date. | d) Log of special occurrences. |

18. LEA Conditions:

- a) The facility must be operated in compliance with the State Minimum Standards for Solid Waste Disposal Sites, and all applicable Federal, State, and local enactments and requirements.
- b) No significant change in design or operation of the facility shall be taken without prior application to and approval by the LEA.
- c) Additional information related to compliance with this permit or information concerning the design or operation of the facility shall be furnished to the LEA upon request.
- d) The SWFP is subject to review by the LEA and may be suspended, revoked, or modified at any time for sufficient cause.

SOLID WASTE FACILITY PERMIT SSWMB E 2-77 (REV. 10/77)		PAGE 1	OF 3
PERMITTING AGENCY County of San Diego Department of Environmental Health	COUNTY San Diego	SOLID WASTE FACILITY PER 37-AA-0010	
FACILITY NAME Otay Annex Landfill		PROPOSED 5-1-79	
OPERATOR Otay Landfill, Inc. c/o Allied Waste Industries, Inc. 15880 North Greenway-Hayden Loop, Suite 100 Scottsdale, AZ 85260		DATE 5-17-79	
FACILITY LOCATION Otay Valley Road, Chula Vista		ENFORCEMENT AGENCY APPROVAL 6-5-79	

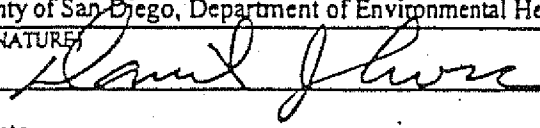
FINDINGS

Section I - FINDINGS

- A. This permit is for a new class II solid waste disposal site. This site is scheduled to commence operations on or about June 1, 1979.
- Location - This site is located within the unincorporated area of the San Diego County and is owned and operated by the Otay Landfill, Inc. It is on Otay Valley Road about 1 mile east of Interstate 805.
 - Total Area - The area of the Annex Site is just over 250 acres with approximately 185 acres being used for the actual landfill and borrow operations.
 - Methods - A combination of the area and ramp method will be used to bury the waste. A 6 inch daily cover will be used.
 - Waste Amounts - It has been estimated that incoming waste will amount to about 850 tons per day.
 - Waste Types - The waste received will be a mixture of residential, commercial, agricultural and construction types. Including but not limited to tires, furniture, household appliances, tree stumps and the like.
 - No hazardous wastes of the Group I type will be received at this site.
 - No infectious waste will be received at this site by order of the health officer.
 - Site Life - Given existing loading rates and projected increases, this site should last about 25 years before reaching capacity.

Upon a significant change in design or operation from that described in this permit or in attachments thereto for the existing design and operation of a facility operating immediately prior to August 15, 1977, or from the approved intended design and operation of a facility which was not operating prior to August 15, 1977, or which herein is granted a permit modification, this permit is subject to revocation, suspension, modification or other appropriate action.

This permit does not authorize the operation of any facility contrary to the State Minimum Standards for Solid Waste Handling and Disposal. This permit cannot be considered as permission to violate existing laws, ordinances, regulations, or statutes of other government agencies.

ENFORCEMENT AGENCY County of San Diego, Department of Environmental Health (DEH)	
BY (SIGNATURE) 	TYPED NAME Daniel J. Avera
TITLE Director	Date

B. The following documents condition the design and operation of this facility:

1. County of San Diego Department of Environmental Health Permit No. 37-AA-0010.
2. California Regional Water Quality Control Board Resolution No. 79-18.
3. California Division of Forestry Permit No. pending.
4. County of San Diego Planning Commission Special Use Permit No. P76-46.

C. General land use within 1,000' of this site includes the following:

A-8 zone to the north
IP zone to the south
A-8 zone to the east
PC zone to the west

1. The nearest dwelling is located 3,000 feet to the south.
 2. Present plans provide for designating the site as open - space, upon termination of disposal operations.
- D. An Environmental Impact Report has been written on this site. The EIR has been found to be complete and in compliance with the California Environmental Quality Act by the Environmental Review Board on June 24, 1976. Implementation of this project will result in adverse environmental impacts relative to biological resources. Mitigating measures addressing adverse environmental impacts are specified in the report of Disposal Site Information.
- E. Design and operation of the facility shall be in substantial compliance with State Minimum Standards as all times
- F. This permit is consistent with the San Diego County Solid Waste Management Plan, adopted February 1978. It is also consistent with State Minimum Standards for Solid Waste Handling and Disposal.
- G. Design and operation of this facility are to be as specified the "Report of Disposal Site Information" which is hereby made part of the FINDINGS section of this permit. All information summarized in this permit is taken from the above report unless otherwise stated.

CONDITIONS

Section II

A. Requirements

1. The Otay Annex landfill must be in substantial compliance with State Minimum Standards for Solid Waste Handling and Disposal.
2. This facility must comply with all federal, state and local enactments and requirements.
3. The County of San Diego Department of Environmental Health reserves the right to request additional information concerning the design and operation of this facility.

B. Prohibitions

1. Disposal of any Group I wastes.
2. Disposal of any liquid wastes.
3. Scavenging by site personnel or the general public.
4. Open burning.

Otay Annex Landfill

Order No. 90-09

the basin;

- e. Changes in the pH value of the water pumped from the basin outside the range of 6.0 to 9.0 units;
- f. Violation of the objectives for the ground or surface waters of the Otay Valley Hydrologic Area, as established in the Basin Plan; and
- g. Odors, vectors, and other nuisances of waste origin beyond the limits of the Otay Annex Landfill site.

3. Disposal of hazardous waste is prohibited at the Otay Annex Landfill site.

4. Disposal of designated waste at the Otay Annex Landfill is prohibited except as provided for by Subchapter 15, Section 2520(a)(1). Subchapter 15, Section 2520(a)(1) indicates that the waste classification specified in Subchapter 15, Article 2 shall determine where the waste may be discharged unless the discharger establishes, to the satisfaction of the Regional Board, that a particular waste constituent or combination of constituents presents a lower risk of water quality degradation than indicated by classification according to Subchapter 15, Article 2 criteria.

5. Disposal of liquids or semi-solid waste at the Otay Annex Landfill is prohibited except as provided for by Subchapter 15, Section 2520(d)(3). Subchapter 15, Section 2520(d)(3) indicates that liquids or semi-solid waste (waste containing less than 50 percent solids), other than dewatered sewage or water treatment sludge, shall not be discharged to a Class III landfill. Exemptions may be granted if the discharger can demonstrate that such discharge will not exceed the moisture-holding capacity of the Otay Annex Landfill, either initially or as a result of waste management operations, compaction, or settlement.

6. Disposal of sewage or water treatment sludge at the Otay Annex Landfill is prohibited except as provided for by Subchapter 15, Section 2520(d)(3) and 2523(c). Subchapter 15, Section 2523(c) indicates that dewatered sewage or water treatment sludge may be discharged at a Class III landfill under the following conditions, unless DHS determines that the waste must be managed as hazardous waste:

- a. The Otay Annex Landfill is equipped with a leachate collection and removal system;

- b. The sludge contains at least 20 percent solids if primary sludge, or at least 15 percent solids if secondary sludge, mixtures of primary and secondary sludge, or water treatment sludge; and
 - c. A minimum solids-to-liquid ratio of 5:1 by weight shall be maintained to ensure proper moisture holding capacity of waste material to prevent movement of leachate. Any foreign solid added to the sludge must be nondecomposable and of specific retention equal to or greater than the sludge substance. Nonabsorbent solids such as glass, metals, etc. will not be included in the solid-to-liquid ratio of 5:1 estimation.
- 7. The discharge of solid, liquid waste, or leachate to surface waters or surface water drainage courses is prohibited.
- 8. The discharge of waste to ponded water from any source is prohibited.
- 9. It is prohibited to discharge wastes which have potential to reduce or impair the integrity of containment structure or which, if commingled with other wastes in the Otay Annex Landfill, could produce violent reaction, heat or pressure, fire or explosion, toxic by-products, or reaction products which in turn:
 - a. Require a higher level of containment than provided by the Otay Annex Landfill.
 - b. Constitute "restricted hazardous wastes"; or
 - c. Impair the integrity of containment structure.

B DISCHARGE SPECIFICATIONS

- 1. Nonhazardous waste and inert waste as described by Subchapter 15, Sections 2523 and 2524 may be disposed of at the Otay Annex Landfill.
- 2. Shredder waste which has been granted a variance from disposal as "hazardous waste" by the DHS may be disposed of at the landfill.

Otay Annex Landfill

Order No. 90-09

3. Asbestos or asbestos-containing waste shall be disposed of at the landfill conditional to:
 - a. Packaged in sealed, leak-tight, and non-returnable containers, such as plastic bags of 6-millimeter thickness or sealed containers, from which the fibers can not escape.
 - b. Waste within the containers must be adequately wetted to prevent blowing of fibers in case of the container is broken.
 - c. Each container should be properly labeled which spills out warning from asbestos.
 - d. Covering with a minimum of six inches of non-asbestos waste or clean fill within 24 hours, or earlier, of discharge.
4. The concentration of indicator parameters as waste constituents in waters passing through the Points of Compliance shall not exceed the "Water Quality Protection Standards" established and enumerated in Monitoring and Reporting Program No. 90-09, which is attached to and made part of this Order.
5. During the months when precipitation can be expected, the disposal activity shall be confined to the smallest area possible based upon the anticipated quantity of wastes and operational procedures.
6. The Otay Annex Landfill shall be adequately protected from any washout, and erosion of waste materials. Adequate protection is defined as protection from at least a 100-year flood.
7. The discharger is responsible for accurate characterization of wastes, including determinations of whether or not wastes will be compatible with containment features and other wastes at the Otay Annex Landfill in order to comply with Subchapter 15, Section 2520(b), and whether or not wastes are required to be managed as hazardous wastes under Section 66300 of the California Administrative Code, Title 22.
8. The discharger shall implement a periodic load-checking program to ensure that hazardous materials are not discharged at the Otay Annex Landfill. The program shall be approved by the Executive Officer.

**RAMONA LANDFILL
PERMITTED ACCEPTABLE WASTES**

SOLID WASTE FACILITY PERMIT

Page Lot C

Facility/Permit Number:

37-AA-0005

12. Legal Description of Facility (attach map with RFI):

Sections 34 of T 12 S, R 1 E, San Bernardino Baseline & Meridian, Assessors Parcel # 244-100-01 & # 244-100-02

13. Findings:

- This permit is consistent with the County Solid Waste Management Plan. Public Resources Code, § 50000 (a)(1).
*dated 1986, pages III-15 & 16
- This permit is consistent with standards adopted by the California Integrated Waste Management Board (CIWMB). Public Resources Code, § 44010.
- The design and operation of this facility is in compliance with the State Minimum Standards for Solid Waste Handling and Disposal as determined by the LEA.
*Inspected on September 22, 1994.
- The following local fire protection district has determined that the facility is in conformance with applicable fire standards as required in Public Resources Code, § 44151.
Ramona Fire Department
- An environmental determination (i.e. Notice of Determination) is filed with the State Clearinghouse for all facilities which are not exempt from CEQA and documents pursuant to Public Resources Code, § 21081.6.
*See #15 below
- A County-wide Integrated Waste Management Plan has not been approved by the CIWMB.
- The following authorized agent has made a determination that the facility is consistent with, and designated in, the applicable general plan: County of San Diego, Department of Planning and Land Use. Public Resources Code, § 50000.5(a).
- The following local governing body has made a written finding that surrounding land use is compatible with the facility operation, as required in Public Resources Code, § 50000.5(b). County of San Diego, Department of Planning and Land Use.

14. Prohibitions:

The permittee is prohibited from accepting any liquid waste sludge, non-hazardous waste requiring special handling, designated waste, or hazardous waste unless such waste is specifically listed below, and unless the acceptance of such waste is authorized by all applicable permits.

Decontaminated bio-hazardous waste, fuel-contaminated soil, sandblasting grits, powdery wastes, dead animals in excess of 250 pounds, clean drums, food wastes, other commercial/industrial wastes requiring special handling, and up to 100 tons of nonhazardous sludge (which is mixed with soil at a 5:1 or 8:1 soil/sludge ratio).

The permittee is additionally prohibited from the following items:

Disposal of hazardous waste, asbestos, septic tank pumpings and untreated biohazardous waste.

15. The following documents also describe and/or restrict the operation of this facility (insert document date in space):

	Date		Date
<input checked="" type="checkbox"/> Report of Facility Information	9/93	<input checked="" type="checkbox"/> Contract Agreements - Operator and Contractor	3/89
<input checked="" type="checkbox"/> Land Use Permits and Conditional Use Permits	5/93	<input checked="" type="checkbox"/> Waste Discharge Requirements	#70-R14 2/70 Addendum #1 2/90 #93-86 6/93
<input checked="" type="checkbox"/> Air Pollution Permits and Variances	4/94	<input type="checkbox"/> Local & County Ordinances	
<input checked="" type="checkbox"/> Negative Declaration - Major Use Permit P85-051W ² /RP 92-001 SCH# 94081061	8/94	<input type="checkbox"/> Final Closure & Post Closure Maintenance Plan	
<input checked="" type="checkbox"/> Lease Agreements - Owner and Operator		<input type="checkbox"/> Amendments to RFI	
<input checked="" type="checkbox"/> Preliminary Closure/Post Closure Plan	12/92	<input checked="" type="checkbox"/> Other (list):	
Closure Financial Responsibility Document	4/92		

2. The County of San Diego operated a burning dumpsite at the above location until October 1, 1969. At that time, because of air pollution control considerations, the site was converted from a burning dumpsite to a sanitary landfill operation. Prior to converting the site, staff of the Board made an inspection to ascertain if evident problems existed. None were found.

3. Type 2 and Type 3 wastes, generally mixed household refuse, are deposited in the fill.

4. The County of San Diego will continue to operate the landfill, which will receive wastes from an existing tributary population reported by the County to be approximately 6000.

5. The closest domestic water supply well is located approximately 1000 feet south of the southern boundary of the site. The Silver Springs Bottling Company hauls water from a well approximately 2000 feet south of the site to their bottling works in San Diego. The State Department of Water Resources has a reference well (No. 12S/01E-34R015) located in the southeast 40 acres of Section 34, approximately 1500 feet from the fill site. The Department of Water Resources reports that depth to water in 1967 in the well was 28 feet.

6. The site is located in the Ramona and Boden Hydrologic Subareas of the San Dieguito Hydrologic Unit. Approximately three-quarters of the site drains to the north to Santa Ysabel Creek in the Boden Hydrologic Subarea, while the remaining portion drains south to Santa Maria Creek in the Ramona Hydrologic Subarea. The waters of both subareas are used for domestic, stockwatering, and irrigation purposes.

Now, therefore, be it

RESOLVED, That in order to protect the waters of the San Dieguito Hydrologic Unit for domestic, stockwatering, and irrigation purposes, and to prevent nuisances as defined in Section 13050 of the Water Code of the State of California, this Regional Water Quality Control Board, in accordance with the authority granted by Division 7 of said Code, hereby prescribes the following requirements with regard to the operation of a sanitary landfill in the Ramona area by the County of San Diego as hereinbefore described:

1. Materials deposited on any portion of the site hereinbefore described shall be restricted to the following:

- (a) Type 3 material: solid inert wastes such as fill dirt, concrete, asphalt paving fragments, ceramic materials, etc.
- (b) Type 2 material: household and commercial refuse and rubbish such as empty tin cans, metals, paper and paper products, cloth and clothing, wood and wood products, lawn clippings, roofing paper and tar paper, etc.

2. Liquid and soluble industrial wastes shall be excluded from the site.

APPENDIX B
EXAMPLES OF PROHIBITED WASTES

EXAMPLES OF PROHIBITED WASTES

Hazardous Wastes

Hazardous wastes are those wastes that fall into four categories: 1) characteristic wastes, 2) listed wastes, 3) derived from or mixture wastes, and 4) other hazardous wastes. These hazardous wastes are described in the following paragraphs.

Characteristic Wastes

Characteristic wastes are those wastes that meet the definition of hazardous waste as presented in Section 25117 of the California Health and Safety Code, or those that exhibit any of the characteristics set forth in Title 22 of the CCR, including ignitability (66261.21), corrosivity (66261.22), reactivity (66261.23), and toxicity (66261.24). Common examples of characteristic wastes are presented below:

Ignitable Wastes (flash point of less than 140°F):

- Thinners
- Solvents
- Oil-based paints
- Gasoline

Corrosive Wastes (pH of less than 2 or greater than 12.5):

- Car batteries
- Ammonia and ammonia-based cleaners
- Pool acid
- Photochemicals
- Sulfuric and hydrochloric acid
- Soda ash

Reactive Wastes (air reactive, water reactive, oxidizer, or explosive):

- Pyrophorics
- Cyanides
- Explosives
- Sulfides
- Oxidizers common in pool chemicals and photochemicals
- Chlorine

Toxic Wastes:

- Pesticides, fungicides, rodenticides, insecticides
- Polychlorinated biphenyls (PCBs)
- Cleaners (e.g., engine cleaners, floor strippers, paint strippers, dry cleaning fluids, metal polish, etc.)
- Friable asbestos
- Arsenic
- Radioactive material

Listed Wastes

A waste is regulated as a hazardous waste under California law if it is a listed waste or is listed in Title 40 of the Code of Federal Regulations (40 CFR) Part 261, as promulgated pursuant to the RCRA of 1976, 42 U.S.C., Section 6901 et seq. Materials designated as hazardous wastes in regulations adopted pursuant to the RCRA are considered hazardous wastes under state law (California Health and Safety Code, Section 25159.5). A list of wastes regulated by the USEPA as hazardous wastes under the RCRA is presented in 40 CFR, 261.31 through 261.33.

Common examples of listed wastes are presented below:

- Dieldrin (a pesticide)
- Sulfuric acid
- Toluene (a solvent)

- Spent halogenated solvents used in degreasing
- Spent cyanide plating bath solutions from electroplating operations
- Boiler cleaning waste
- Waste oil

Derived From or Mixture Wastes

A waste is considered a hazardous waste if it contains a hazardous waste constituent or is a mixture of a waste with one or more hazardous constituents. A waste is also considered a hazardous waste if it has been classified by the Cal-EPA because it causes or increases mortality, or it is a hazard to human health or the environment. Common examples of derived from or mixture wastes are presented below:

- Sawdust contaminated with solvents
- Water and gasoline
- Oil sludge
- Waste oil and solvents

Other Hazardous Wastes

In addition, infectious wastes, compressed gas cylinders, fireworks, and small arms ammunition are examples of hazardous waste prohibited from disposal.

Designated Wastes

Designated wastes are defined in the California Water Code Section 13173 as:

“Designated waste” means either of the following:

(a) Hazardous waste that has been granted a variance from hazardous waste management requirements pursuant to Section 25143 of the Health and Safety Code.

(b) Nonhazardous waste that consists of, or contains, pollutants that, under ambient environmental conditions at a waste management unit, could be released in concentrations exceeding applicable water quality objectives or that could reasonably be expected to affect beneficial uses of the waters of the state as contained in the appropriate state water quality control plan.”

Pursuant to 27 CCR 20210, designated wastes must be managed at special facilities classified by the SWRCB as Class I or II waste management facilities. Examples of potential designated wastes are presented below:

- Oil-field drilling fluids
- Incinerator ash
- Petroleum-contaminated soil

APPENDIX C

LOAD-CHECKING DATA AND LOAD REJECTION SHEETS

Load Rejection Form

Date: _____ Time: _____

Facility Name: _____

Inspector's Name: _____

Vehicle Information:

Vehicle Type (circle one): Commercial Small Hand Unload

License Plate #: _____

Customer/Company Name: _____

Drivers Name (if applicable): _____

Company Truck # (if applicable): _____

Reason For Rejection: _____

Inspector's Name: _____

Load Inspection Form

Date: _____ Time: _____

Facility Name: _____

Inspector's Name: _____

Hauler Information:

Vehicle Type (circle one): Transfer Load End Dump Hand Unload

 Commercial General Refuse Truck

Company Name: _____

Drivers Name: _____

Company Truck #: _____ License Plate #: _____

Description of the Load: _____

Inspector's Name: _____

Driver's Name: _____

APPENDIX D

HAZARDOUS MATERIALS EMERGENCY RESPONSE CONTRACTORS AND EMERGENCY PHONE NUMBERS

EMERGENCY RESPONSE CONTRACTORS

Alternative Disposal, Inc.
Contact: Jim Murphy
2674 Via Alicia
Fall Brook, CA 92028
Fax #: 760/723-6987
EMERGENCY #: 760/723-5871

Laidlaw Environmental
Contact: Jesus Funes
9275 Trade Place, Suite H
San Diego, CA 92126
Fax #: 619/547-3146
EMERGENCY #: 619/547-3100
Jesus Funes Direct Line: 619/547-3119

ADDITIONAL EMERGENCY PHONE NUMBERS

- COUNTY OF SAN DIEGO HAZMAT TEAM 619/338-2284
- FIRE DEPARTMENT (for Sycamore Landfill) 619/338-2222
- FIRE DEPARTMENT (for Otay Landfill) 619/974-9891
- FIRE DEPARTMENT (for Ramona Landfill) 619/691-5151
- ALLIED GENERAL MANAGER (Jim Ambroso) 760/442-1615
- ALLIED REGIONAL ENGINEER (Mike Kaiser) 619/541-2570
- LOCAL ENFORCEMENT AGENCY (LEA) 619/541-2570
- LOCAL ENFORCEMENT AGENCY (LEA) Sycamore only 619/338-2480
- 619/492-5032

RADIATION DETECTION ONLY

- ALLIED DIRECTOR OF SAFETY AND COMPLIANCE 602/423-2946

ORDINANCE NUMBER O- 18668

ADOPTED ON AUG 02 1999

AN ORDINANCE AWARDING NONEXCLUSIVE SOLID WASTE FACILITY FRANCHISE TO SAN DIEGO LANDFILL SYSTEMS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE A FRANCHISE FACILITY AGREEMENT WITH SAN DIEGO LANDFILL SYSTEMS, INC. FOR THE SYCAMORE CANYON LANDFILL.

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That an award of a nonexclusive solid waste facility franchise to San Diego Landfill Systems, Inc., a subsidiary of Allied Waste Industries, Inc., for the Sycamore Canyon Landfill is hereby approved.

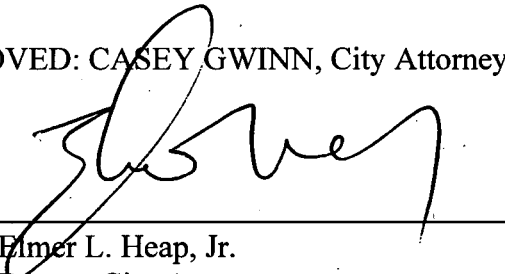
Section 2. That the City Manager is hereby authorized to execute a franchise facility agreement with San Diego Landfill Systems, Inc., a copy of which is on file with the City Clerk's Office as Document No. OO- 18668.

Section 3. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 4. This ordinance having been introduced and adopted by a two-thirds vote of the members of the Council shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: CASEY GWINN, City Attorney

By



Elmer L. Heap, Jr.
Deputy City Attorney

ELH:smf
06/15/99
Or.Dept:Env.Serv.
O-99-136
Form=o+t.frm

0 - 18668

**SECOND AMENDMENT TO
THE FACILITY FRANCHISE AGREEMENT
BETWEEN THE CITY OF SAN DIEGO ,
AND SAN DIEGO LANDFILL SYSTEMS**

This Second Amendment to the Facility Franchise Agreement is entered into by and between the City of San Diego, a municipal corporation (the "City") and San Diego Landfill Systems, LLC (the "Company.")

RECITALS

- A. On August 11, 1999, the City and the Company entered into the Facility Franchise Agreement (the "Agreement") on file in the Office of the City Clerk as Document No. OO-18668, which includes provisions for the Company to collect, transport and dispose of biosolids generated at the City's Metropolitan Biosolids Center.
- B. On March 8, 2005, the City and the Company entered into the First Amendment to the Agreement, on file in the Office of the City Clerk as Document No. OO-19355, which extended the Company's right and obligation to collect and transport biosolids until March 1, 2010, and added the requirement that the Company beneficially use all the biosolids collected.
- C. Section 4.2(A) of the Agreement, as amended, provides that the City and the Company may extend the Company's right and obligation to collect, transport and beneficially use biosolids for another five years.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants and conditions set forth in this Second Amendment, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

SECOND AMENDMENT

Section 1. The expiration date of March 1, 2010, of the Company's right and obligation to collect, transport and beneficially use biosolids, as set forth in Section 4.2(A) of the Agreement, is hereby extended until March 1, 2015. All references to March 1, 2010 in Section 4.2(A) are hereby replaced with the date of March 1, 2015.

Section 2. The Agreement is amended to add a new Subsection (G) to Section 4.2:

(G) Living Wage. Beginning on March 1, 2010, the collection, transportation, and beneficial use of biosolids as set forth in Section 4.2 is subject to the City of San Diego's Living Wage Ordinance ("LWO"), Chapter 2, Article 2, Division 42 of the San Diego Municipal Code. Provisions of the LWO include requirements for payment of specified minimum rates and compensated and uncompensated days off for covered employees. The full text of the LWO and Rules Implementing the Living Wage Ordinance is posted on the City's website at www.sandiego.gov/purchasing/ and can be requested from the

Living Wage Program at (619) 236-6682. LWO wage and health benefit rates are adjusted annually in accordance with Municipal Code Section 22.4220(b) to reflect the Consumer Price Index. The Company must include this upward adjustment of pay rates to covered employees on July 1 of each year.

Section 3. The effective date of this Second Amendment shall be March 1, 2010.

Section 4. This Second Amendment to the Agreement shall affect only the terms and/or conditions referred to herein. All other terms and conditions of the Agreement and prior amendments shall remain in full force and effect.

IN WITNESS WHEREOF, this Agreement is executed by the City of San Diego, acting by and through its Mayor or his designee, pursuant to Ordinance No. O- 19923 authorizing such execution, and by the Company through its duly authorized officer.

SAN DIEGO LANDFILL SYSTEMS, LLC

CITY OF SAN DIEGO

By: 

By: 

Name: Neil B. Mohr

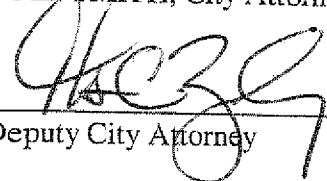
Name: Jay M. Goldstone

Date: 12/14/09

Date: 5/12/2010

I HEREBY APPROVE the form and legality of the forgoing amendment this 22 day of April, 2009/10

JAN I. GOLDSMITH, City Attorney

By: 
Deputy City Attorney

850
1/26

(O-2010-21)

ORDINANCE NUMBER O- **19923** (NEW SERIES)

DATE OF FINAL PASSAGE **JAN 27 2010**

AN ORDINANCE OF THE SAN DIEGO CITY COUNCIL
AUTHORIZING A SECOND AMENDMENT TO THE FACILITY
FRANCHISE AGREEMENT WITH SAN DIEGO LANDFILL
SYSTEMS REGARDING THE TRANSPORTATION AND
BENEFICIAL REUSE OF BIOSOLIDS.

WHEREAS, on August 11, 1999, the City and San Diego Landfill Systems entered into the Facility Franchise Agreement [Agreement] on file in the Office of the City Clerk as Document No. OO-18668, which includes provisions for the San Diego Landfill Systems to collect, transport and dispose of biosolids generated at the City's Metropolitan Biosolids Center; and

WHEREAS, on March 8, 2005, the City and San Diego Landfill Systems entered into the First Amendment to the Agreement, on file in the Office of the City Clerk as Document No. OO-19355, which extended San Diego Landfill Systems' right and obligation to collect and transport biosolids until March 1, 2010, and added the requirement that San Diego Landfill Systems beneficially use all the biosolids collected; and

WHEREAS, the City and San Diego Landfill Systems desire to extend the Agreement another five years, until March 1, 2015, and to add the City's living wage requirements to the Agreement; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor or his designee is authorized to execute, for and on behalf of the City, an amendment to the Facility Franchise Agreement with San Diego Landfill Systems

under the terms and conditions set forth in the Second Amendment, on file with the City Clerk as Document No. OO- **19923**.

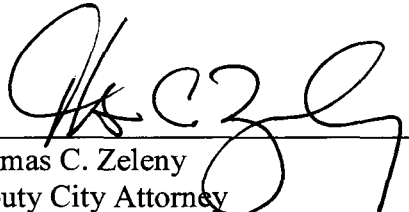
Section 2. That the expenditure of an amount not to exceed \$1,725,000 from the Public Utilities Department, Wastewater Fund No. 700001 is authorized, solely and exclusively to provide funds in Fiscal Year 2010 for the Second Amendment.

Section 3. That the expenditure necessary for the Second Amendment in subsequent fiscal years is authorized contingent on City Council approval of such funding in the Public Utilities Department budget in the respective fiscal years, and provided that the City Comptroller first furnishes one or more certificates demonstrating that the funds necessary for expenditure are, or will be, on deposit in the City Treasury.

Section 4. That a full reading of this ordinance is dispensed with prior to passage, a written copy having been made available to the City Council and the public prior to the day of passage.

Section 5. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

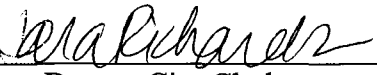
By 
Thomas C. Zeleny
Deputy City Attorney

TCZ:mb
12/08/09
Cert.No:3000002636
Or.Dept:MWWD
O-2010-21

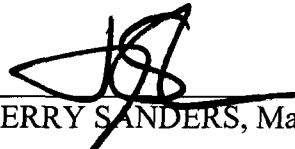
(O-2010-21)

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego,
at its meeting of JAN 26 2010.

ELIZABETH S. MALAND, City Clerk

By 
Deputy City Clerk

Approved: 1-27-10
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

2009
JAN 26 2010

**The City of San Diego
COMPTROLLER'S CERTIFICATE**

CERTIFICATE OF UNALLOTTED BALANCE

ORIGINATING CC 3000002636
DEPT NO.

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: _____

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
TOTAL AMOUNT									

FUND OVERRIDE ☐

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: _____ \$1,725,000.00

Vendor: San Diego Landfill Systems, Inc.

Purpose: To fund the Facility Franchise Agreement between the City and San Diego Landfill Systems, Inc. Second Amendment.

Date: September 9, 2009 By: Gary Young

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
001	700001			OTHR-00000000-PR	512059	2012	1914000014		\$1,725,000.00
TOTAL AMOUNT									\$1,725,000.00

CC-361 (REV 7-09)

FUND OVERRIDE ☐

CC 3000002636

0- 19923

JAN 26 2010



THE CITY OF SAN DIEGO



MWWDPROG



2005002352

March 14, 2005

Mr. James T. Ambroso
San Diego Landfill Systems, Inc.
8514 Mast Boulevard
Santee, CA 92071

Reference: Amendment No. 1 to the Facility Franchise Agreement between the City of San Diego and San Diego Landfill Systems, Inc.

Dear Mr. Ambroso:

Subject: Amendment No. 1 to the Facility Franchise Agreement; Notice to Proceed

On February 7, 2005, the San Diego City Council approved the subject Amendment (Document No. OO-19355) to the Facility Franchise Agreement. This correspondence constitutes the City's award of Amendment No.1 with San Diego Landfill, Inc., and the corresponding Notice to Proceed. A fully executed "**Duplicate Original**" of the Amendment is enclosed for your records.

For any questions of a technical nature regarding this Amendment, please contact Warren Wazny, Wastewater Operations Supervisor, at (858) 614-5884.

For any questions of contractual matters or the Terms and Conditions of the Amendment, please contact John Dullaghan, Senior Contract Specialist, at (858) 614-5792.

Sincerely,

Terri Webster
Deputy Director, Services & Contracts Div.

TW:JD:cl

Enclosure: Amendment No. 1 to the Facility Franchise Agreement

cc: Scott Tulloch, MWWD Director
Bob Ferrier, MWWD Asst. Director
Lori Vereker, Deputy Director
Jesse Pagliaro, Asst. Deputy Director
Jack Swerlien, Superintendent, MBC
Warren Wazny, Wastewater Operations Supervisor



G:\contract\jod\volume 2\2005\jod50310 SDLS NTP.doc

Metropolitan Wastewater Department

9192 Topaz Way • San Diego, CA 92123
Tel (858) 292-6300 Fax (858) 292-6310



MWD-5065

ORIGINAL

FIRST AMENDMENT TO
FACILITY FRANCHISE AGREEMENT
BEWTEEN THE CITY OF SAN DIEGO
AND SAN DIEGO LANDFILL SYSTEMS, INC.

This First Amendment to the Facility Franchise Agreement between the City of San Diego and San Diego Landfill Systems, Inc. [First Amendment] is entered into by and between the City of San Diego, a municipal corporation, [City] and San Diego Landfill Systems, Inc. [Company].

RECITALS

WHEREAS, on August 11, 1999, the City and the Company entered into the Facility Franchise Agreement between the City of San Diego and San Diego Landfill Systems, Inc. [Agreement], which is on file in the Office of the City Clerk as Document No. OO-18668; and

WHEREAS, the Agreement contains provisions regarding the Company's rights and obligations, for a five-year period, to collect, transport, and dispose of biosolids generated from the Metro Wastewater Plant [Biosolids];

WHEREAS, said five-year period terminates on February 21, 2005, and the parties have reached agreement on an extension of the Company's rights and obligations regarding Biosolids under the new terms and conditions set forth herein;

AMENDMENTS

NOW THEREFORE, the City and the Company do hereby agree to amend the Agreement as follows:

1. **Article IV [Waste Delivery and Acceptance], Section 4.2 [Acceptance of Biosolids by the Company] is modified as follows:**

From:

(A) Exclusive Right and Obligation. Commencing on February 22, 2000 (the "Biosolids Services Effective Date"), the Company (or its affiliates) shall have the exclusive right to collect, transport and dispose of approximately 130,000 Tons of Biosolids generated from the Metro Wastewater Plant each Franchise Year (to the extent that such amount of Biosolids is generated from the operations of the Metro Wastewater Plant in any Franchise Year), and shall collect, transport and dispose of such Biosolids at the South Bay Landfill or the Landfill in accordance with this Section, the requirements of Appendix F and Applicable Law. The services of the Company pursuant to this Section shall constitute the "Biosolids Services." The exclusive right and obligation of the Company to undertake the Biosolids Services shall terminate on the fifth anniversary of the Biosolids Services Effective Date; provided, however, that at the end of the five year period or any extension period, the City shall either (i) extend the right of the Company to provide Biosolids Services for an additional period of five years (on the

DOCUMENT NO. 00-19355

FILED SEP 07 2005

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

same terms and conditions as the initial period, subject to escalation of the rate Biosolids Services Rate in the manner described in Section 4.2(B)) or (ii) solicit bids from Qualified Alternate Biosolids Services Providers, which are (w) lower in cost on an All-Inclusive Bid basis; (x) bona fide and made in good faith; (y) contain a scope of services, safety and operational standards reasonably similar to those contemplated herein with respect to Biosolids; and (z) have a term of at least five years, in which case it shall notify the Company of such competitive bids. In the event that the City elects to not extend the Company's right to provide Biosolids Services, it shall notify the Company at least 180 days prior to the fifth anniversary of the Biosolids Services Effective Date or any five year extension thereof. The Company shall have the right of first refusal to match any All-Inclusive Bid submitted by a Qualified Alternate Biosolids Services Provider; provided, however, that if any such All-Inclusive Bid provides for Beneficial Use of the Biosolids in accordance with Applicable Law, then the Company shall only have the right of first refusal if its disposition of the Biosolids also constitutes Beneficial Use.

(B) Biosolids Services Rate. Except as provided in Section 4.2(D) and subject to the reimbursement of certain costs if applicable pursuant to Section 4.2(E), in consideration of the performance by the Company of the Biosolids Services, the City shall pay the Company an amount equal to \$26.00 per ton for each ton of Biosolids collected, transported and disposed by the Company in accordance with this Section. Such amount shall be adjusted annually on each July 1, commencing July 1, 2000, in accordance with the escalation formula described in Section 6.1(C) hereof. For purposes of such escalation, the Base Rate component of the Biosolids Services Rate shall be \$24.51. The Company shall submit a monthly invoice for Biosolids Services to the City within twenty (20) days after the month to which the invoice relates. Such invoice shall specify the number of tons collected by the Company on a daily basis, as well as other information which may reasonably be requested by the City. The City shall pay undisputed amounts indicated on the monthly invoice within thirty (30) days after the delivery of the invoice or that sum shall thereafter accrue interest at the Overdue Rate.

(C) Damages for Failure to Provide Biosolids Services. In the event that the Company fails, for any reason other than Uncontrollable Circumstances, to collect, transport and dispose of Biosolids in accordance with this Section, the Company shall pay the City an amount equal to the Biosolids Liquidated Damages. The "Biosolids Liquidated Damages" for each ton of Biosolids not collected by the Company shall be equal to the difference between (i) the per-ton cost actually incurred by the City arranging for and providing for the collection, transportation and disposal of such Biosolids (including, without limitation, equipment rental costs, costs for alternate transportation arrangements, cost of alternate disposal arrangements, and overtime costs which would not have been incurred but for the Company's failure to perform the Biosolids Services) and (ii) Twenty-Six and 00/100 Dollars (\$26.00) per ton (as such amount may be escalated pursuant to Section 4.2(B)). In the event that the City utilizes the Miramar Landfill as the disposal facility for Biosolids, the Company agrees that the disposal cost (not including collection and transportation costs) to be utilized for purposes of calculating the Biosolids Liquidated Damages shall be the greater of (x) the then current posted tipping rate at the Miramar Landfill and (y) \$24.00 per ton (which amount shall be adjusted annually using the escalation adjustment described in Article VI for the Contract Rate). The Company acknowledges that, because of the legitimate interest of the City in preserving capacity at the Miramar Landfill, and the unique value of such capacity, the

City shall not be obligated to utilize the Miramar Landfill in such circumstances; provided, however, if the City elects not to utilize the Miramar Landfill prior to its permanent closure, for the first 30 days in which Biosolids Liquidated Damages are payable, the cost of other alternate arrangements utilized for purposes of determining the Biosolids Liquidated Damages (including collection and transportation costs) shall not be more than the amount which would have been incurred had the City utilized the Miramar Landfill. After such 30 day period, the actual cost of alternate disposal arrangements shall be utilized for purposes of calculating such damages as described above. The City shall provide the Company with a weekly invoice for Biosolids Liquidated Damages, which invoice shall include reasonable substantiation of the amount invoiced. The Company shall pay such invoice within thirty (30) days of receipt or such amount shall thereafter accrue interest at the Overdue Rate.

(D) Beneficial Use of Biosolids. The Company shall use reasonable business efforts to qualify its disposition of Biosolids accepted by the Company pursuant to this Section as Beneficial Use; provided, however, that it shall not be required to incur any material additional costs in such effort unless the City has agreed to reimburse such costs pursuant to Section 4.2(E).

(E) Additional Costs. In the event that the Company cannot provide for the Beneficial Use of Biosolids without incurring additional costs and the Company desires to seek reimbursement of such costs from the City, the Company may provide the City with a proposal for the Beneficial Use of Biosolids. Such proposal shall describe the manner in which Beneficial Use shall be achieved, as well as any additional costs that would be incurred by the Company in implementing such proposal for Beneficial Use. The City shall have the right to either accept or reject the Company's proposal in its sole discretion. In the event that the City accepts the proposal, the Company shall implement the proposal as soon as practicable, and the City shall be responsible for reimbursing the costs of the Beneficial Use as described in the proposal (at the time and in the manner identified in the proposal). In the event that the City rejects the proposal, the Company may implement the proposal, but the City shall have no responsibility for reimbursement of any costs identified in the proposal.

(F) Permits and Approvals. Without pre-committing to any particular outcome with respect thereto, the City agrees to use its best efforts to expedite the processing, review and consideration of applications for any and all approvals, permits and licenses or amendments thereto associated with the disposition of the Biosolids as a Beneficial Use to the extent permitted by Applicable Law.

To:

SECTION 4.2. ACCEPTANCE OF BIOSOLIDS BY THE COMPANY.

(A) Exclusive Right and Obligation. Except as provided in Section 4.2(E), commencing on the Contract Date (the "Biosolids Services Effective Date"), the Company (or its affiliates) shall have the exclusive right and obligation to collect, transport and Beneficially Use one hundred (100) percent of the Biosolids generated from the Metro Wastewater Plant each Franchise Year, and shall collect, transport and Beneficially Use such Biosolids in accordance with this Section, the requirements of Appendix F and Applicable Law. The services of the Company pursuant to this Section shall constitute the "Biosolids Services." The exclusive right and obligation of the

Company to undertake the Biosolids Services shall terminate on March 1, 2010; provided, however, that on or before March 1, 2010 or any extension period, the City and Company may mutually agree either to (i) extend the right of the Company to provide Biosolids Services for an additional period of five (5) years on the same terms and conditions as the initial period, subject to escalation of the Biosolids Services Rate in the manner described in Section 4.2(B) or (ii) the City may solicit bids from Qualified Alternate Biosolids Services Providers, which are (w) lower in cost on an All-Inclusive Bid basis; (x) bona fide and made in good faith; (y) contain a scope of services, safety and operational standards reasonably similar to those contemplated herein with respect to Biosolids; and (z) have a term of at least five years, in which case it shall notify the Company of such competitive bids. In the event the City and Company contemplate an extension of the provisions of Biosolids Services set forth in the Agreement, the City and Company may initiate negotiation three hundred sixty five (365) days prior to the fifth anniversary of the Biosolids Services Effective Date or any five (5) year extension thereof. The Company shall have the right of first refusal to match any All-Inclusive Bid submitted by a Qualified Alternate Biosolids Services Provider.

(B) Biosolids Services Rate. Except as otherwise provided in this Agreement, in consideration of the performance by the Company of the Biosolids Services, the City shall pay the Company an amount equal to \$37.11 per ton for each ton of Biosolids collected, transported and Beneficially Used by the Company in accordance with this Section. Such amount shall be adjusted annually on the first day of July commencing July 1, 2005, in accordance with the escalation formula described in Section 6.1(C) hereof. In the event the Company must dispose of Biosolids in a landfill due to Uncontrollable Circumstances, the City shall pay the Company \$29.87 per ton as full payment for disposal, including all governmental fees. For purposes of escalation, the Base Rate component for landfill disposal of Biosolids due to Uncontrollable Circumstances shall be \$28.34 at the Landfill and \$28.31 at the South Bay Landfill. Such Base Rate component shall be adjusted annually on the first day of July, commencing July 1, 2005, in accordance with the escalation formula described in Section 6.1(C) hereof. In the event the Company can no longer utilize an approved Beneficial Use or landfill disposal site due to Uncontrollable Circumstances, the City and the Company shall meet to determine whether the remaining sites are adequate for the Company to provide the Biosolids Services and shall in good faith negotiate an adjustment(s) to the per ton rate(s) for Biosolids as may be reasonably appropriate. The Company shall submit a monthly invoice for Biosolids Services to the City within twenty (20) days after the month to which the invoice relates. Such invoice shall specify the number of tons collected by the Company on a daily basis, as well as other information, which may reasonably be requested by the City. The City shall pay undisputed amounts indicated on the monthly invoice within thirty (30) days after the delivery of the invoice and supporting documentation or that sum shall thereafter accrue interest at the Overdue Rate. In no event shall the rates paid by the City be higher than rates charged by the Company to any of its other customers for like services in quantity, quality, or means of Beneficial Use or disposal of the Biosolids.

(C) Damages for Failure to Provide Biosolids Services. In the event that the Company fails, for any reason other than Uncontrollable Circumstances, to collect, transport and Beneficially Use Biosolids in accordance with this Section, the Company shall pay the City an amount equal to the Biosolids Damages. The "Biosolids Damages" for each ton of Biosolids not collected, transported and Beneficially Used by the

Company shall be equal to the difference between (i) the per-ton cost actually incurred by the City arranging for and providing for the collection, transportation and Beneficial Use (or disposal if Beneficial Use is unavailable) of such Biosolids (including, without limitation, equipment rental costs, costs for alternate transportation arrangements, cost of alternate Beneficial Use arrangements, and overtime costs which would not have been incurred but for the Company's failure to perform the Biosolids Services) and (ii) \$37.11 per ton, as such amount may be escalated pursuant to Section 6.1(C). The actual cost of the City's alternate disposal arrangements shall be utilized for purposes of calculating the Biosolids Damages. The City shall provide the Company with a monthly invoice for Biosolids Damages, which invoice shall include reasonable substantiation of the amount invoiced. The Company shall pay such invoice within thirty (30) days of receipt or such amount shall thereafter accrue interest at the Overdue Rate.

(D) Beneficial Use of Biosolids. The Company shall certify its disposition of Biosolids accepted by the Company pursuant to this Section as Beneficial Use, provided Biosolids delivered to the Company meet Class "B" Biosolids standards. The Company shall not implement Beneficial Use methodologies until the City provides written approval for such Beneficial Use methodologies, which approval shall not be unreasonably denied or delayed.

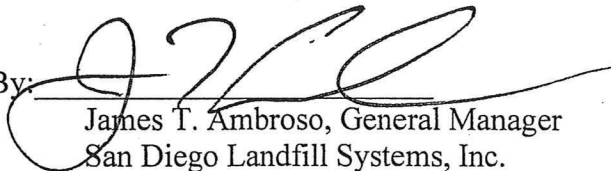
(E) City may, at any time, elect to pursue qualification of some or all of the Biosolids as Class "A" Biosolids during the period of performance of this Facility Franchise Agreement, and solicit proposals from Qualified Alternate Biosolids Services Providers. The Company shall have the right of first refusal to match any proposal submitted by Qualified Alternate Services Providers. In the event the Company refuses to match any proposal selected by the City submitted by Qualified Alternative Service Providers, the City shall provide the Company with written notice ninety (90) days prior to diversion of Biosolids for Class "A" Biosolids production. If the City elects to divert less than 100% of the Biosolids to Class "A" Biosolids production, then the Company remains obligated to beneficially use the remaining quantity of Class B Biosolids.

This First Amendment to the Agreement shall affect only the terms and/or conditions referred to herein. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the City and the Company each have caused their duly authorized representatives to execute this First Amendment to the Agreement.

Date: 10/15/04

San Diego Landfill Systems, Inc.,

By: 
James T. Ambroso, General Manager
San Diego Landfill Systems, Inc.

Date: 2-17-05

City of San Diego,
A Municipal Corporation

By: 

I HEREBY APPROVE the form and legality of the foregoing First Amendment to the Facility Franchise Agreement Between the City of San Diego and San Diego Landfill Systems, Inc.

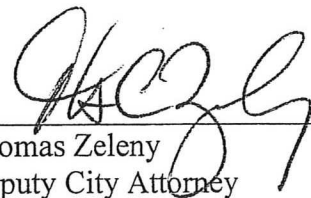
Dated: _____

Latham & Watkins LLP

By: _____
Allen D. Haynie
Attorneys for San Diego Landfill
Systems, Inc.

Dated: March 8th, 2005

CASEY GWINN, City Attorney

By: 
Thomas Zeleny
Deputy City Attorney

ATTACHMENT "A"
TO AMENDMENT No. 1 TO THE FACILITY FRANCHISE AGREEMENT

Definition Changes Approved by City and Company

The following definitions provided for in Article I, DEFINITIONS AND INTERPRETATION, Section 1.1, DEFINITIONS, of the Facility Franchise Agreement, are hereby revised and specifically apply to ARTICLE IV, WASTE DELIVERY AND ACCEPTANCE, Section 4.2, ACCEPTANCE OF BIOSOLIDS BY THE COMPANY:

1. In Section 1.1, the definition of "Beneficial Use" is revised to read as follows:

"Beneficial Use" or "Beneficially Use" has the meaning given such term under Applicable Law and as is commonly used in the solid waste management industry and wastewater treatment industry.

2. In Section 1.1, subsection (1) of the definition of "Uncontrollable Circumstances" is revised to read as follows:

(1) a Change in Law, including but not limited to a change in federal, state or local law, regulation, or policy regarding the final disposition and/or Beneficial Use of Biosolids.

SAN DIEGO LANDFILL SYSTEMS

By: _____

James T. Ambroso, District Mgr.

Date: _____

3/9/05

CITY OF SAN DIEGO

a Municipal corporation

By: _____

Scott Mulloch, Director

Date: _____

3/10/05

I HEREBY APPROVE the form and legality of the foregoing Agreement this 9th day of March, 2005.

MICHAEL J. AGUIRRE, City Attorney

By: _____

Deputy City Attorney

ORDINANCE NUMBER O- 19355 (NEW SERIES)

ADOPTED ON FEB 07 2005

AN ORDINANCE AMENDING THE FACILITY FRANCHISE
AGREEMENT WITH SAN DIEGO LANDFILL SYSTEMS

BE IT ORDAINED, by the Council of the City of San Diego, that the City Manager is hereby authorized and empowered to execute, for and on behalf of the City, Amendment No. 1 to the Facility Franchise Agreement with San Diego Landfill Systems dated June 18, 1999, on file in the Office of the City Clerk as Document No. 00-18668, to extend the existing Agreement's provisions dealing with disposal of biosolids, for an additional five year period, under the terms and conditions set forth in Amendment No. 1, on file in the Office of the City Clerk as Document No. OO- 19355.

BE IT FURTHER ORDAINED, by the Council of the City of San Diego, that an expenditure not to exceed \$1,585,339 is hereby authorized, solely and exclusively to fund the beneficial reuse of biosolids from the effective date of Amendment No. 1 through the end of Fiscal Year 2005.

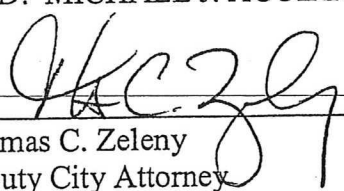
BE IT FURTHER ORDAINED, by the Council of the City of San Diego, that the City Auditor and Comptroller is authorized to transfer any excess funds to the appropriate reserves upon advise from the administering department.

BE IT FURTHER ORDAINED, by the Council of the City of San Diego that a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

BE IT FURTHER ORDAINED, by the Council of the City of San Diego, that this ordinance shall take effect and be in force thirty days from the date of its passage after two public hearings, pursuant to the authority contained in Sections 16 and 17 of the San Diego City Charter.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By


Thomas C. Zeleny
Deputy City Attorney

TCZ:sc
12/29/04
Aud.Cert.:2500613
Or.Dept:MWWD
O-2005-82

Passed and adopted by the Council of The City of San Diego on February 7, 2005 by the following vote:

YEAS: PETERS, ZUCCHET, ATKINS, YOUNG, MAIENSCHIN, FRYE,
MADAFER, INZUNZA, MAYOR MURPHY.

NAYS: NONE.

NOT PRESENT: NONE.

AUTHENTICATED BY:

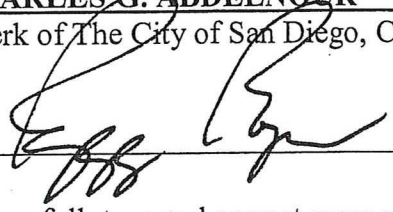
DICK MURPHY

Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California

(Seal)

By: , Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
ORDINANCE NO. 19355 (New Series) of The City of San Diego, California.

I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had
elapsed between the day of its introduction and the day of its final passage, to wit, on
January 25, 2005 and on February 7, 2005.

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of
not less than a majority of the members elected to the Council, and that there was available for
the consideration of each member of the Council and the public prior to the day of its passage a
written or printed copy of said ordinance.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California

(Seal)

By: , Deputy

ORDINANCE NUMBER O- 19355 (NEW SERIES)

ADOPTED ON FEB 07 2005

AN ORDINANCE AMENDING THE FACILITY FRANCHISE
AGREEMENT WITH SAN DIEGO LANDFILL SYSTEMS

BE IT ORDAINED, by the Council of the City of San Diego, that the City Manager is hereby authorized and empowered to execute, for and on behalf of the City, Amendment No. 1 to the Facility Franchise Agreement with San Diego Landfill Systems dated June 18, 1999, on file in the Office of the City Clerk as Document No. 00-18668, to extend the existing Agreement's provisions dealing with disposal of biosolids, for an additional five year period, under the terms and conditions set forth in Amendment No. 1, on file in the Office of the City Clerk as Document No. OO- 19355.

BE IT FURTHER ORDAINED, by the Council of the City of San Diego, that an expenditure not to exceed \$1,585,339 is hereby authorized, solely and exclusively to fund the beneficial reuse of biosolids from the effective date of Amendment No. 1 through the end of Fiscal Year 2005.

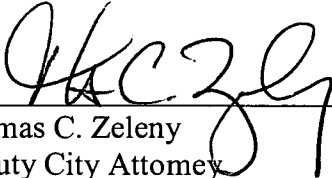
BE IT FURTHER ORDAINED, by the Council of the City of San Diego, that the City Auditor and Comptroller is authorized to transfer any excess funds to the appropriate reserves upon advise from the administering department.

BE IT FURTHER ORDAINED, by the Council of the City of San Diego that a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

BE IT FURTHER ORDAINED, by the Council of the City of San Diego, that this ordinance shall take effect and be in force thirty days from the date of its passage after two public hearings, pursuant to the authority contained in Sections 16 and 17 of the San Diego City Charter.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Thomas C. Zeleny
Deputy City Attorney

TCZ:sc
12/29/04
Aud.Cert.:2500613
Or.Dept:MWWD
O-2005-82

The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER

CERTIFICATE OF UNALLOTTED BALANCE

AC 2500613

ORIGINATING

DEPT. NO.:

771

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
TOTAL AMOUNT										

FUND OVERRIDE ☐

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Amount: \$1,585,339.00

Vendor: San Diego Landfill Systems

Purpose: To authorize the expenditure of funds for facility franchise agreement amendment number 1.

Date: December 22, 2004 By: 

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA											
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/	EQUIP	FACILITY	AMOUNT
1	0	41508	771	311	4222	002314	-				\$1,585,339.00
											\$1,585,339.00

AC-361 (REV 2-92)

FUND OVERRIDE ☐

AC 2500613

0-19355

FEB 07 2005